NFL PLAYOFFS
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International Herald Tribune

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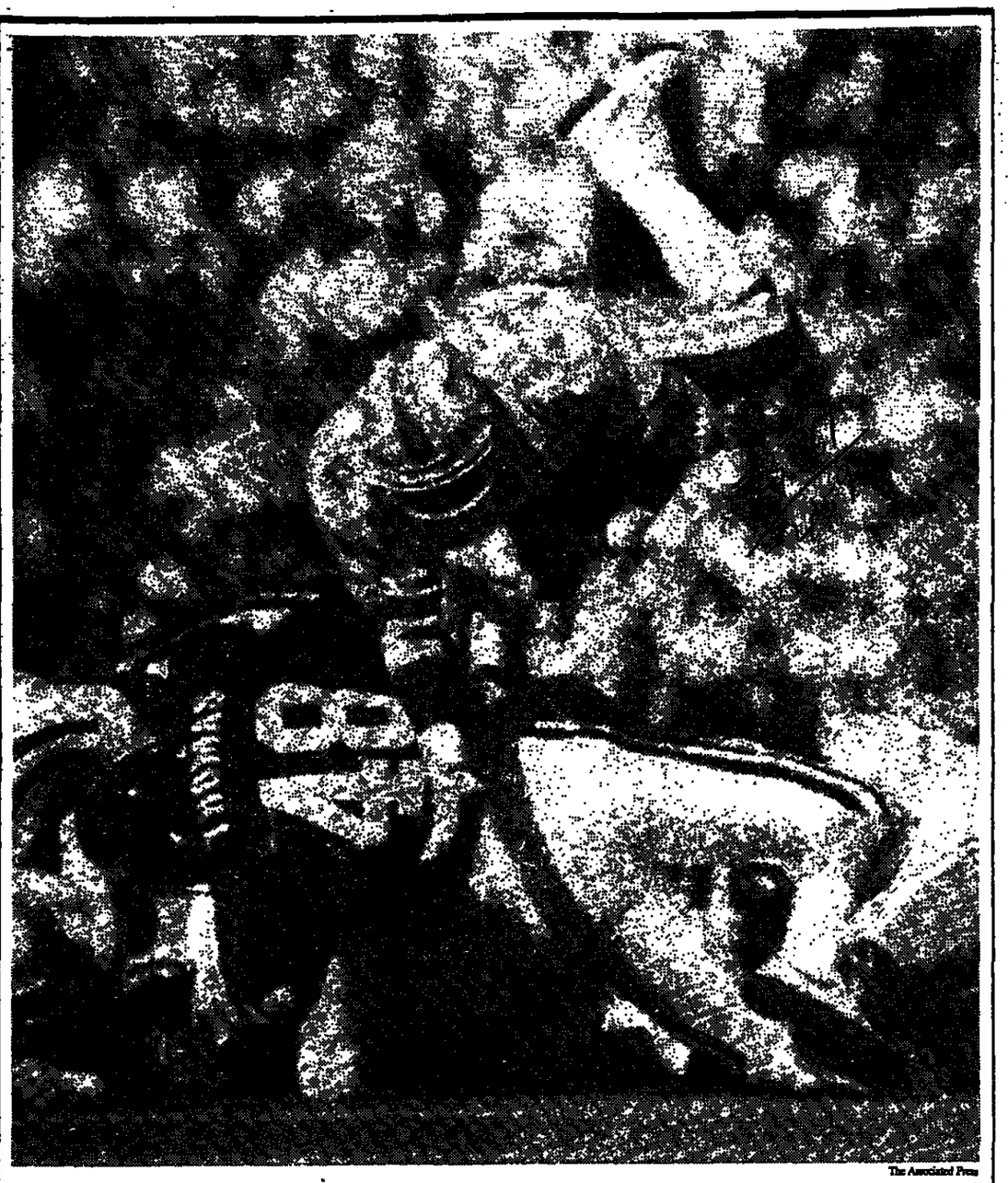


The Associated Press

For a Tennessee Volunteer, Those Cotton Balls Were Flying

Running back Tony Thompson, sailing over linebacker Nick Thomas of the University of Arkansas, gained five yards for the University of Tennessee in Monday's Cotton Bowl game in Dallas, which the Volunteers won, 31-27. College football bowl game results, Page 15.

Romania Begins to Liberalize

By Michael Dobbs
Washington Post Service

BUCHAREST — Reversing more than four decades of Communist dictatorship, Romania's provisional government has announced the disbanding of the secret police; the abolition of the death penalty, and the partial dismantling of collective farms.

In a New Year's address to the nation, the acting president, Ion Iliescu, said the measures were designed to revitalize Romania's virtually bankrupt economy and emphasize the "popular and humanist" character of the new government.

The most repressive laws and decrees adopted during the 24-year rule of Nicolae Ceausescu, including a ban on abortions and unauthorized contact with foreigners, had already been repealed.

Once regarded as the most backward and politically repressive country in Europe, after Albania, Romania has effectively leaped into the front ranks of the East European movement for change.

The economic changes that Mr. Iliescu announced in a speech broadcast Sunday go well beyond everything achieved in the Soviet Union during the last five years of *perestroika* and *glasnost*.

By abolishing the death penalty and dissolving the secret police, the Securitate, the Romanian government appears to be trying to disassociate itself as rapidly as possible from the Ceausescu dictatorship.

The execution of the former president and his wife, Elena, on Christmas Day after a closed military tribunal, had raised fears in many Western countries that the new government might use dictatorial methods to enforce its authority.

Romania's intellectuals talk about their long repression. Page 6.

For Ceausescu's spies, the job market is not promising. Page 2.

Mr. Iliescu said that the abolition of the death penalty complied with the "thought expressed by a group of students that the two dictators were the last persons to deserve this fate." The government had earlier threatened to summarily execute any Securitate officer who failed to surrender by Dec. 28.

Open resistance by the secret police to the new government has virtually disappeared since Saturday, despite rumors that the pro-Ceausescu faction planned a offensive to coincide with the new year.

Tanks and armored vehicles are still stationed around public buildings, and everyone entering is frisked several times for weapons, but the guards are much more relaxed.

Government officials have revised the initial estimate of 60,000 to 70,000 dead as a result of four days of bitter street fighting to 7,000.

The precise figure will be impossible to establish because the corpses of many demonstrators massacred by the security police in Bucharest and the western town of Timisoara were dumped in unmarked graves.

Outlining a plan to revitalize Romanian's agriculture, Mr. Iliescu said collective farms would be allowed to distribute up to half a hectare (1.2 acres) of land to each peasant family for their use.

In hilly areas, collective farms will be disbanded entirely in favor of individual small holdings. The peasants will be allowed to sell their produce on the open market.

Once regarded as the bread basket of Eastern Europe, Romanian experienced serious food shortages during the latter years of Mr. Ceausescu's rule as his government suppressed all forms of private agriculture and confiscated grain.

The new government has made clear that it regards Mr. Ceausescu's policy of forced industrialization to have been a disaster and

See ROMANIA, Page 6

Havel Declares Amnesty

Czech President Calls for Return To Basic Values

By Craig R. Whitney
New York Times Service

PRAGUE — President Vaclav Havel told the citizens of Czechoslovakia on Monday that their Communist leaders had lied to them for 40 years, that their country was in a serious economic and ecological crisis, and that only a return to the values of honesty, decency and mutual respect could lead to recovery.

He also announced an amnesty for prisoners who have been protesting overcrowded conditions, poor food, and lack of rehabilitation facilities in more than a score of jails across the country.

The amnesty did not cover those charged with abuse of public position, including former Communist Party officials, and criminal offenses like murder, armed robbery and rape.

"For 40 years you have heard from my predecessors the same thing: how many more millions of tons of steel we have produced, how we are all happy, how we believe in our government," the author and playwright said. "I assume you have not named me to this office so that I, too, should lie to you."

"We have become morally ill because we are used to saying one thing and thinking another," he added. The speech appeared to be aimed at sobering up a people who had spent the New Year's holidays in public celebration of his election and of the new freedom that it symbolized.

But, he said, in an allusion to widespread resentment in Czechoslovakia of the Soviet Union, "it would be unwise to think of the sad heritage of the last 40 years only as something foreign, inherited from a distant relative." On the contrary, he said, it was "something we have inflicted on ourselves."

In the 40-minute address, Mr. Havel, elected by the parliament on Friday, repeatedly called for mutual respect among the Czechs, Slovaks and other nationalities of the country, without directly comparing tensions among them with similar problems in the Soviet Union.

He also called for trials to assess responsibility for the Stalinist repressions in Czechoslovakia over the past 40 years.

He said he hoped that diplomatic relations could soon be re-established with the Vatican and Israel, and that he would like John Paul II and the Dalai Lama to visit Czechoslovakia.

Regarding the country's prisoners, he said, "I have decided to proclaim a relatively broad amnesty. But I appeal to the prisoners to understand that 40 years of degraded justice cannot be done away with all at once. By uprisings they will help neither the republic nor themselves."

The amnesty, other officials later announced, would bring the release of all prisoners serving sentences of two years or less and reduce longer ones by up to one half.

It would not affect people convicted of terrorist crimes, murder, robbery, rape or sexual abuse, or misuse of public office. There are reportedly about 50,000 people in the country's jails.

The highest-ranking Czechoslovak figure known to have been taken into custody for alleged abuse of office is Miroslav Stepan, head of the Communist Party organization in Prague when the police moved in to counter demonstrations there on Nov. 17. He was arrested Dec. 23, the news agency CTK said.

Mr. Havel also replaced the two government officials responsible for the police and prosecutions,

See HAVEL, Page 6

A U.S.-Soviet Meeting of Minds

By Don Oberdorfer
Washington Post Service

WASHINGTON — Late last month, with Romania in upheaval, Secretary of State James A. Baker 3d sent a written message to Foreign Minister Eduard A. Shevardnadze asking Moscow to press the faltering Ceausescu government to cease its bloody suppression.

Before the U.S. ambassador, Jack F. Matlock, could deliver the message to Mr. Shevardnadze, on Dec. 22, the Romanian Army had switched sides and President Nicolae Ceausescu and his wife had fled their headquarters.

But Mr. Matlock and Mr. Shevardnadze took the occasion to exchange information about what was taking place in Romania, according to U.S. officials, and the U.S. envoy returned on Dec. 24 to exchange data again with the Soviet Foreign Ministry as the fighting in Romania continued.

These unpublicized discussions preceded Mr. Baker's extraordinary statement on television that

In a display of Kremlin support, the Soviet foreign minister is to visit Romania this week. Page 6.

same Sunday that the United States would support Soviet intervention in Romania if it were necessary for the triumph of the revolutionary forces. This is believed to be the first occasion since World War II when the United States has publicly accepted the idea of Soviet military intervention abroad, much less expressed support for it.

The recent meeting of the minds about Romania is the latest example of dramatic change in the relationship of the United States and the Soviet Union on many questions of international importance.

Since Mr. Shevardnadze's trip to Washington and Jackson Hole, Wyoming, in September, and especially since the meeting of President George Bush and President Mikhail S. Gorbachev in Malta early last month, the two nations have stepped up their cooperation and their communications, often acting more like friends than Cold War adversaries.

State Department officials say that the Soviet Union has switched sides, from that of oppression and dictatorships to democracy and

See POWERS, Page 6

U.S. Scrambles to Explain Raid on Managua Envoy

By Lee Hockstader
and Joanne Omang
Washington Post Service

PANAMA CITY — U.S. officials have scrambled to explain why American troops forcibly entered and ransacked the home of the Nicaraguan ambassador here in a move that touched off a major diplomatic dispute.

The confusion among U.S. officials was underscored over the weekend in their contradictory public statements as a U.S. Army spokesmen defended the action while American diplomats called it a mistake and apologized for it.

[The first U.S. troops left Panama on Monday, and President George Bush expressed hope the rest could leave "as soon as possible," the White House announced.

U.S. officials retracted a report that an Israeli aide to General Noriega was seized. Page 3.

Marlin Fitzwater, the press secretary, told reporters aboard Air Force One that the first troops to leave were two batteries of artillery from Fort Ord, California, totaling 141 soldiers, The Associated Press reported from Washington.

["The president is glad to see some of the troops coming home and hopes the rest can leave as soon as possible," Mr. Fitzwater said.

[He said the remaining troops in Panama most likely would leave "on a piecemeal basis" but he offered no time frame.]

The episode Friday night involved several dozen troops who fired warning shots into the air and scuffled briefly with the Nicaraguan ambassador and his sister-in-law, who tried to prevent them from entering the residence.

Nicaragua responded by expelling 20 U.S. diplomats in Managua and by assailing the United States for violating international rules that guarantee immunity for diplomats.

Mr. Bush said Saturday that U.S. troops had made a "screw-up" when they searched the ambassador's home, but questioned why the diplomat had had weapons "up to his eyeballs" in his house.

The State Department announced that the U.S. Embassy in Managua had delivered a note to the Nicaraguan Foreign Ministry expressing "regrets" for the entry of U.S. troops into the residence and saying that all seized weapons had been returned.

Mr. Bush later said of the incident, "It's a screw-up." But he also asked why the Nicaraguan ambassador had had the weapons.

"I don't know what they need rocket launchers for in a man's house," he said.

The State Department said the weapons included machine guns, rocket-propelled grenade launchers, rifles, bayonets and an anti-tank weapon. The arms were returned to the ambassador before the troops left the residence.

"It was a mistake," a senior U.S. Embassy official said. "We do not go into diplomatic residences."

But Colonel Ron Sconyers, the spokesman for the U.S. Southern Command, said at a news conference: "We did exactly what we should have done. But we decided it would be prudent to return the weapons."

The Nicaraguan ambassador, Antenor Ferrey, said the incident was a "flagrant violation and provocation" and "an example of U.S. big-stick diplomacy."

Regarding the search of the Nicaraguan ambassador's home, Colonel Sconyers said the U.S. troops, acting on information that the house contained a cache of weapons, decided to enter despite vigorous protests from Mr. Ferrey.

He said that before going inside, the soldiers consulted with "higher headquarters" and determined that the official residence of the Nicara-

See PANAMA, Page 6

Changes in East Will Test West's Financial System

International Herald Tribune

Economic and political change in Eastern Europe will profoundly influence the course of the world economy in the 1990s and test the strength of Western financial institutions.

In their forecasts of the salient features of the new decade, five leading international economists stressed the risks as well as the opportunities that lie ahead.

The economists, invited by the International Herald Tribune to submit their predictions for the 1990s, suggested that the West must put its own house in order — not least by curbing rampant financial speculation — as the East bloc liberalizes its economies.

The ebbing of the ideological struggle between East and West could also lead to increased tensions among Western nations, particularly between the United States and Japan, according to David D. Hale, chief economist at Kemper Financial Services.

Lester C. Thurow of MIT thought the West would rise to the opportunities of the '90s, while Maurice Allais of France spoke of the need for a major reform of international monetary and financial institutions.

Norbert Walter, chief economist of Deutsche Bank, warned that West European integration could be endangered and Yasunori Sone of Japan pointed to a general risk of an increase in international economic frictions.

Pages 9 and 10

Kiosk

Afghan Rebels Bomb Town

KABUL (Combined Dispatches) — The mujahidin began a major attack in the eastern Afghan town of Jalalabad, bombarding civilian areas with rockets in a sudden step-up of military action, state television said Monday.

The report said that the government counterattacked with warplanes and artillery and that more than 140 rebels were killed. Rebel gunners also attacked Jalalabad airport with artillery and rocket fire.

Meanwhile, a radical Afghan rebel leader, Gulbuddin Hekmatyar, accused a rival group Monday of executing four of his guerrillas.

Mr. Hekmatyar, leader of a faction of the Hezb-i Islami rebel group, said he had warned Jamiat-i Islami fighters to keep out of Hezb-controlled areas in Afghanistan to avoid "any untoward incident." This follows the public hanging of four Hezb fighters who were accused of the slaughter of 30 top Jamiat fighters in July.

(AFP, Reuters)

General News

Yitzhak Shamir rejected attempts to heal cabinet rift over contacts with PLO. **Page 6.**

Senator Sam Nunn urged further cuts in U.S. troop strength in Europe. **Page 2.**

Business/Finance

Oil specialists said the U.S. is headed for permanent dependence on imported oil. **Page 9.**

Foreign auction houses are moving into the Japanese market. **Page 9.**

Crossword Page 7.

In China's Rebuff of U.K. Plan, Hong Kong Feels Harsh Blow

By Patrick L. Smith
International Herald Tribune

HONG KONG — China's harsh and unexpected rejection of the British nationality plan for Hong Kong residents is viewed by local officials and political leaders as a devastating, perhaps fatal, blow to efforts here and in London to revive the colony's badly sagging confidence.

China condemned the British plan to grant full residency rights to a maximum of 50,000 Hong Kong families. Beijing called the decision "a gross violation" of an agreement between the two countries and threatened to take unspecified retaliatory action.

Beijing's criticism, expressed Saturday by the official Xinhua news agency and widely reiterated elsewhere, was a near-reversal of China's previous response to the plan, which was announced Dec. 20.

Xinhua said Britain "will have to bear a series of consequences" if its proposal goes ahead and threatened "corresponding measures" by China.

The apparent policy switch is seen here as a reflection of the hardening position of China's conservative leaders and rising concern in Beijing about the impact of political changes sweeping through Eastern Europe.

The Xinhua report followed by two days the disclosure of a Chinese Communist Party document that broadly denounced moves toward democratization in Eastern Europe and asserted that Mikhail S. Gorbachev, the Soviet leader, was responsible for "a subversion of socialism."

"The Chinese government is greatly surprised by the British government's action," Xinhua quoted a Foreign Ministry spokesman as saying.

"This course of action is a gross violation of its own solemn commitment," it added, referring to the British-Chinese declaration under which Hong Kong is to revert to Chinese sovereignty in 1997.

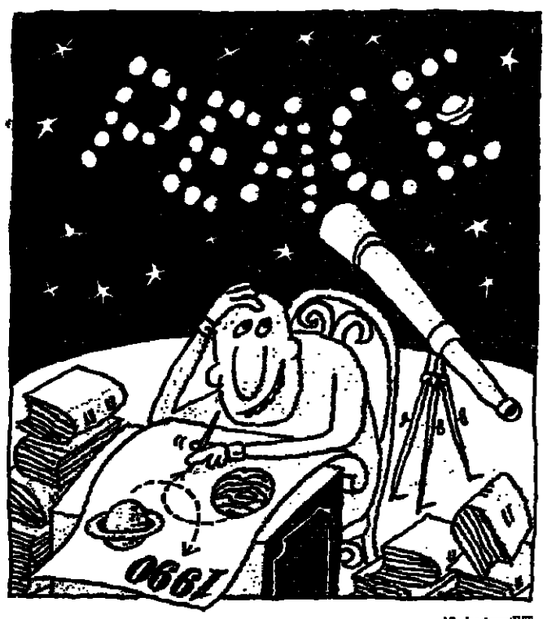
The Foreign Ministry official also called on London to "change its mistaken practice," the report said. "Otherwise, it will have to bear a series of consequences," Xinhua said. "The Chinese side reserves the right to take corresponding measures."

Officials in Hong Kong and in London offered no immediate comment on what such measures might be.

But British officials defended the nationality plan, under which up to 225,000 Hong Kong Chinese would be granted full citizenship, including the right to live in Britain, over the next seven years.

Faced with a continuing drain of skilled professionals from Hong Kong, Britain unveiled the plan amid much anticipation. As British officials indicated at the time, the intent was to reduce the outflow of

See PLAN, Page 6



Nicolas Ancion/IHT

Today's Horoscope: Beware All Major Predictions

By Mary Blume
International Herald Tribune

PARIS — The events of recent months have shown that the future doesn't work. But nothing stops France's astrologers from their seasonal exercise: predicting what the new year will bring.

In France, given the opposition of Jupiter and Uranus, minority religions will continue to pose problems, says Horoscope magazine, and the value-added tax will be cut. There will still be problems in New Caledonia. Prime Minister Michel Rocard will pass much of the year in the eye of the hurricane.

The Guide Astrologique also foresees problems for Mr. Rocard, specifically in the second part of the year, while in the same magazine an astrologer, Dan Martin, explains that France is in a cycle that began in November 1981 and that will not end until December 1994, a cycle marked by a revolution in work methods and morals.

Casting an eye on the cusps, trines, aspects and orbs of the globe, J.C. Griere in Horoscope magazine sees North-South exchanges destabilized by the wind of freedom from the East. Chancellor Helmut Kohl will take unusual economic action in aid of East Germany. In Britain, Margaret Thatcher, plagued by the presence of Uranus in Mars, faces increasing conflicts. Happy little Austria will have an economic boom.

Greece and Turkey will continue to be at bay, as will Flemings and Walloons in Belgium. Angola is on the outs with Uranus, which may call for foreign intervention. All will be well in Kenya, but the United States will remain ridden by debt and will be rankled by Japanese buyouts between March and May.

Japan, on the other hand, will startle the world with a series of social reforms while Iran will continue as before, although resuming diplomatic relations with the leading countries of the West.

It hardly takes astrologers to see that we are living in queer times but, according to Horoscope, we — and more certainly they — should have guessed it was coming. The present conjunction of Saturn, Uranus and Neptune last occurred in 1307, which heralded the plague and the Hundred Years War. In 1307, the three planets were in Scorpio; to find them, as now, in Capricorn, one must go back to 1775 B.C. and the totally unreassuring Babylonian empire. We are, Horoscope concludes, in a period of transition.

Feeble stuff perhaps, but this year's predictions are vague and muffled, as contrasted to last year when several astrologers triumphantly forecast the birth of Yves Montand's son and the emotional upsets of Bjorn Borg. Like the new pundits, astrologers have been overtaken by events. However, unwilling to be caught short, many are wisely confining themselves to advice on health this season.

Those born under the sign of the Ram should join a fitness club in 1990, while Geminis should be wary of slipping on the ice. Chocolate-loving Crabs should stick to cereals and dried fruits, Sagittarians should put up their thermostats, and Leos be sure to wear warm clothes. Fish should head for the sauna.

The well-named Jean Mars is working on a weight-reducing formula according to the stars and advocates what he calls a rigorous astrology of the body whereby it can be determined whether the heart, lungs, liver, kidneys or spleen are under attack. And in the meantime, says Mr. Mars, stop smoking.

Quick to cotton on to fads, astrologers are not only into health but many now offer their services by Minitel, the government-sponsored videotex system. And in this season of winter sales, Nicole Delya offers a 50 percent reduction on her 700-franc ($125) consulting fee. (Mme. Delya offers advice on love, marriage, separation, reconciliation, finance and job enhancement. She also practices near the Gare St. Lazare, long an established area for fortune-tellers who, like prostitutes, traditionally centered near railroad stations to give travelers comfort.)

Paris is Virgo (London is Gemini and New York Cancer) and is the center for the 30,000 fortune-tellers said to be practicing in France with an annual turnover of more than 5 billion francs. There may be cracks in the world but no one needs a crystal ball to see that in this most Cartesian of countries the prediction trade will continue to flourish in the coming years.

Anyway, being Cartesian has nothing to do with it, according to one celebrated mage. "Nobody is really Cartesian," he says. "They'll say I don't believe in all this nonsense,' and with the next breath they'll ask, now tell me what my future is."

For Ceausescu's Spies, Job Market Isn't Promising

By Barry James
International Herald Tribune

The fall of the Ceausescu government has left in doubt the fate of hundreds, perhaps even thousands of Romanian spies and intelligence agents around the world.

Many face prosecution if they return home, yet it is hard to see where else they can sell the skills attributed to them by Romanian political analysts: burnishing the image of a dictator in foreign eyes; promoting terrorism; stealing other countries' industrial secrets; eliminating opponents of the government and blackmailing potential collaborators.

"There is no place for them in the West, none in the East and none in Romania," said Nicolae Moraru, formerly senior researcher at the Institute for the Study of Political Science in Bucharest.

What, then, is likely to happen to them? "They could become desperados," said Mr. Moraru, who recently emigrated to the United States. "They might establish contacts with terrorists groups: with Arab terror organizations or the Red Brigades or the Baader Meinhof group — something like that."

He said in a telephone interview that those who had obtained new identities and jobs in the West to obtain scientific and technological secrets may be able to go on working. Others may attempt to merge in as legitimate Romanian émigrés.

Estimates of how many Romanian spies and agents are posted abroad vary from hundreds to several thousand. "Probably only Ceausescu knew," one expert said.

A Romanian journalist living in Europe said many former intelligence agents would "probably be willing to serve anyone who will pay them as well as Ceausescu did."

The foreign intelligence service of Romania was for long the most active in the East bloc, with the exception of the Soviet KGB, although experts said the efficiency of the Romanians in promoting the Ceausescu line had declined in the past two or three years, largely because no amount of "disinformation" could any longer hide the true nature of the government.

The Romanian intelligence network also is notorious for brutality and cynicism even in a world known for its hardness. Several murders or attempted murders, allegedly ordered by Mr. Ceausescu personally, have been attributed to Romanian agents abroad.

The service suffered a shattering setback in 1978 with the defection of Lieutenant General Ion Mihai Pacepa, chief of intelligence, deputy interior minister and a close adviser of Mr. Ceausescu.

General Pacepa, who lives under an assumed name in the United States, wrote a book, "Red Horizons," about his career.

When the book first appeared, many critics found it exaggerated, even unbelievable. "I used to think that some of the stories dwelt in the realm of the incredible," a Romanian broadcaster said. "I am now inclined to say mea culpa after seeing what has been going on in Romania."

Mr. Moraru, who was teaching political science in Bucharest during the period covered by General Pacepa's book, said: "I knew about a lot of the things he described, and he was right."

Similar authentication came from Vladimir Tismaneanu, a scholar at the Foreign Policy Research Institute in Philadelphia, who said in a telephone interview: "I take the book very seriously. At this moment, I think it is a pale copy of reality."

The book describes Mr. Ceausescu's attempts to win influence in every possible quarter and suppress criticism, by any means.

There was, for example, a scurrilous attempt to entrap the wife of a U.S. ambassador in a sexual liaison; or an attempt to recruit the brother of former President Jimmy Carter as a Romanian agent of influence; or a successful operation to remove an anti-Ceausescu bishop from the United States with forged documents indicating he had been a Nazi.

So thorough was the intelligence network, both internally and externally, that when Mr. Ceausescu learned that citizens had been writing anonymous letters to Radio Free Europe criticizing his growing personality cult, he demanded handwriting samples for the whole Romanian population of more than 20 million.

General Pacepa said the secret service was responsible for a campaign of disinformation aimed at giving the West the impression that Romania was genuinely independent of Moscow, thus making it easier to get favorable trade terms and access to technology. In fact, he said, the Romanians were sharing secrets with the KGB all along.

Reportedly hoping to win the Nobel Peace Prize, Mr. Ceausescu presented himself as a broker in the Middle East, but according to General Pacepa his main interest in maintaining relations with Israel was "selling" Jewish emigrants for hard currency and industrial and military secrets.

Mr. Ceausescu also cultivated a close relationship with Colonel Moammar Gadhafi of Libya and with Yasser Arafat, chairman of the Palestine Liberation Organization. Mr. Arafat supplied Romania with terrorist squads, General Pacepa alleged.

According to Mr. Moraru, General Pacepa's defection was followed by a wholesale purge of the intelligence service, which was renamed the Center for Foreign Intelligence. But the service kept the same functions, he said.

The former research director of the center, Liviu Turcu, who obtained asylum in the United States earlier this year, has indicated that after General Pacepa's defection there was no substantial change in the service's functions of glorifying the presidential couple, stealing Western secrets and eliminating opponents.

Mr. Tismaneanu said he found it "ominous" that the chief of the Center of Foreign Intelligence, Lieutenant General Aristotel Stamatoiu, had not been arrested, since he allegedly was responsible for a ruthless persecution of émigré critics of the old regime.

Nunn Urges More Cuts in U.S. Troops In Europe

By Michael R. Gordon
New York Times Service

WASHINGTON — Senator Sam Nunn, the leading Democratic figure on military issues on Capitol Hill, said in an interview that the United States should seek deeper cuts in American and Soviet troop strength in Europe than the Bush administration has proposed in arms negotiations.

Mr. Nunn, chairman of the Senate Armed Services Committee, suggested a reduction from the current U.S. strength of 305,000 army and air force troops to about 200,000 to 250,000. The administration has proposed a troop limit of 275,000 as part of a treaty cutting conventional forces in Europe.

The Georgia Democrat's comments on troop cuts are part of a broader recommendation that the United States should redefine the overseas role of its forces by concentrating on air power while cutting costly army troops stationed around the world.

Mr. Nunn elaborated his views, which are likely to be influential in Congress's budget deliberations, in a recent interview on a broad range of security issues.

His comments come at a time when both congressional Democrats and the White House agree that reduced tensions between Moscow and Washington and the need to cut the federal deficit will force sizable reductions in military spending. But how far the cuts should go and what programs should be reduced loom as potential points of conflict between the White House and Congress.

Several weeks ago, Mr. Nunn criticized the administration for failing to revise its military planning in light of the recent political changes in Eastern Europe and a reduction in Soviet military forces there. Defense Secretary Dick Cheney disputed that criticism, and some Pentagon officials have challenged members of Congress to define their own strategy.

In the Dec. 22 interview, Mr. Nunn insisted that he wanted to reserve judgment on many of the specifics, pending hearings by his committee on the new Pentagon budget, the changing threat to the United States's national security and the development of a new military strategy. The hearings are to begin in the third week of January.

But he did say that the United States should move to a revised military role for Western Europe in which it would "specialize" in air power while requiring the West European allies to assume more responsibility for ground defense.

Expanding on this point, Mr. Nunn said President George Bush's proposal, made at the North Atlantic Treaty Organization summit last spring before the upheaval in Eastern Europe, "has been overrun by events" and should be revised.

The proposal would set equal limits of 275,000 on American and Soviet troops in Europe and would result in a 30,000 cut in U.S. Army and Air Force troops and a cut of about 325,000 in Soviet troops in Europe.

Mr. Nunn said the 275,000 ceiling would "validate" a higher Soviet military presence in Eastern Europe than East Europeans want, indeed higher than Mikhail S. Gorbachev, Soviet president, himself may now be prepared to accept. In addition, he said budget pressures are driving the United States to make deeper troop cuts in Europe.

It is far from clear that Moscow would go along with Mr. Nunn's suggestion since Soviet officials have objected to the idea of confining troop limits to American and Soviet forces. Moscow has proposed that troop limits be set on all NATO and Soviet-bloc forces stationed on foreign soil.

In the Pacific, Mr. Nunn advocated a "partial, gradual drawdown" of American troops in South Korea, adding that the United States should maintain the capability to use air power there. Mr. Nunn also said the Bush administration should consider withdrawing some American forces from Japan.

The senator said West European nations and Japan must assume a greater burden for defending the sea lanes from the oil fields in the Gulf. He urged the United States to buy more of its oil from South America, which would enable Washington to concentrate more of its military resources on the Western Hemisphere.

But while Mr. Nunn is urging a rethinking of American military deployments around the world, he is not reconsidering some crucial and contentious programs that he has long supported.

He indicated, for example, that he still strongly supports the idea of developing a ground-based interceptor to knock out incoming missile warheads launched by accident or by hostile Third World nations.

Such a system would be different than the space-based anti-missile defense proposed by President Ronald Reagan, which was intended as a shield against a full-scale Soviet attack but which has encountered major technological, political and legal obstacles.

Turning to strategic issues, Mr. Nunn said the United States and the Soviet Union need to review thoroughly their procedures for the firing of nuclear-tipped weapons to protect against accidental launching of the weapons.

If the Pentagon did not carry out a total review of the fail safe systems under independent people, Mr. Nunn said he would order his committee staff to do their own review.

WORLD BRIEFS

Aquino Replaces 8 Cabinet Officials

MANILA (WP) — President Corazon C. Aquino, announcing sweeping changes in her cabinet, replaced eight secretaries and dismissing the country's intelligence chief in an effort to restore public confidence in her government after a bloody military coup attempt.

The shake-up Sunday affected the heads of most of the main cabinet departments that had been criticized for failing to deliver basic government services, including the secretaries of transportation, justice, labor, agriculture, education and agrarian reform.

The director of the National Intelligence Coordinating Agency was also dismissed, apparently for failing to provide accurate intelligence on the recent military uprising, the most serious of five against Mrs. Aquino. However, she retained General Fidel V. Ramos as her defense secretary despite calls that he be dismissed for failing to rein in mutinous elements of the military. Also retained was Foreign Secretary Raul Manglapus, who will lead negotiations with the United States beginning in early 1990 for extending the lease on two large U.S. military bases here.

North Korea Seeks End of DMZ Wall

TOKYO (Reuters) — President Kim Il Sung of North Korea said Monday that the two Koreas should immediately open talks on pulling down the concrete wall that serves as a barrier between them and allow free travel.

"Representing the desire of the entire nation for reunification," said Mr. Kim in a New Year's Day national address, "we hold that the North and the South should remove the barrier between them, ensure free travel and open all the doors." He was quoted by the North Korean Central News Agency, monitored in Tokyo.

He proposed that North and South Korea hold "top-level" talks on dismantling the wall in the demilitarized zone, the DMZ, in which "authorities and leaders of political parties" would take part.

Indians to Be Granted Right to Work

NEW DELHI (Reuters) — Indians will be granted the right to work as fundamental under a plan announced Monday by the new government aimed at fulfilling election promises to the poor, farmers and businessmen.

Prime Minister Vishwanath Pratap Singh, who took office after elections in November, unveiled the plan with the apparent aim of shoring up his minority government and attracting voters.

Details of the proposal guaranteeing the right to work were not announced. Legislation will be introduced in April. Analysts said it was likely to benefit people in the countryside, where three-quarters of the population of 800 million live and unemployment is high.

Lebanon Shiites Clash for 10th Day

BEIRUT (Reuters) — Rival Shiite Muslim militias exchanged rocket and machine-gun fire in southern Lebanon for the 10th straight day on Monday after mediation efforts failed.

Security sources said fighters of the Syrian-backed Amal and the pro-Iranian Hezbollah, or Party of God, clashed in the strategic Iqlim al Toffah district, 40 kilometers (25 miles) south of Beirut. The district, which links Hezbollah's bases in eastern Lebanon with the south of the country, borders an area in the Sidon sector that is controlled by the Palestine Liberation Organization.

Huge Oil Spill Approaches Morocco

RABAT, Morocco (AP) — A huge oil spill from a crippled Iranian supertanker moved Monday within 20 kilometers (12 miles) of Morocco's coast. The supertanker, the Khark 5, was ripped by an explosion Dec. 19 near the Canary Islands.

A barrier was placed at the edge of the slick to try to prevent it from reaching a 170-kilometer stretch of coast that is both a wildlife area and a tourist center. The 280-square-kilometer (108-square-mile) slick threatens an area from Mehdiya, north of Rabat, to Mohammedia in the south, according to television reports.

TRAVEL UPDATE

Many Refused to Take Targeted Jet

DETROIT (Reuters) — A Northwest Airlines jetliner threatened with a bomb attack landed safely Saturday in Detroit from Paris with only 28 of its scheduled 130 passengers on board, airport officials said. Many passengers refused to take the plane.

The DC-10 touched down an hour behind schedule after a two-hour delay leaving Paris because of heavy security checks. Northwest said in Chicago on Thursday that it had received a phone call warning a bomb would be on the plane. The Swedish newspaper Kvallsposten quoted the caller as saying the bomb had been planted to avenge life sentences given to two Palestinians in Sweden last week for bomb attacks.

Americans were urged not to travel to certain areas of the Philippines because of "Communist insurgency and criminal activity," the State Department said. The areas listed as unsafe are Samar Island, Lanao del Sur (Marawi City), Sulu Province, Basilan Island, Kalinga-Apayao Province, the Cagayan Valley and Isabela Province. The department's travel advisory added that most of the major tourist destinations and most urban areas were considered safe for travelers. *(IHT)*

The inauguration of a Warsaw-Tokyo air route will be high on the agenda when Prime Minister Toshiki Kaifu visits Poland this month, an economic newspaper, Nihon Keizai Shimbun, reported Saturday. The Polish government considers the air route necessary to promote joint ventures with Japan. *(AFP)*

This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

TUESDAY: Botswana, Haiti, Japan, Maldives, Mauritius, Mongolia, New Zealand, Papua New Guinea, Romania, Seychelles, South Korea, Taiwan, Yugoslavia.

WEDNESDAY: Burkina Faso, Japan, Taiwan.

THURSDAY: Burma, Zaire.

SATURDAY: Andorra, Austria, Cyprus, Denmark, Dominican Republic, Finland, Greece, Iraq, Italy, Liechtenstein, Puerto Rico, San Marino, Spain, Sweden, Uruguay, Vatican City, Venezuela, West Germany.

SUNDAY: Ethiopia.

Source: Morgan Guaranty Trust Co., Reuters.

Correction

Because of an editing error, it was incorrectly reported in the weekend issue that the Vatican envoy had lodged a complaint about U.S. interference in its affairs in Panama. It was the Vatican spokesman who complained about U.S. actions.

WEATHER

EUROPE	HIGH °C	HIGH °F	LOW °C	LOW °F	
Amsterdam	7	45	0	32	sf
Athens	—	—	—	—	na
Barcelona	11	52	4	39	fr
Belgrade	0	32	-7	19	fr
Berlin	-1	30	-1	30	sw
Brussels	2	36	1	34	sn
Budapest	0	32	-6	21	fr
Copenhagen	0	32	-1	30	sn
Costa Del Sol	15	59	10	50	c
Dublin	8	46	5	41	c
Edinburgh	4	39	2	36	r
Faro	14	57	11	52	r
Florence	10	50	4	39	c
Frankfurt	-1	30	-1	30	c
Geneva	1	34	-1	30	sn
Helsinki	-4	25	-7	19	sn
Las Palmas	22	72	15	59	c
Lisbon	13	55	7	45	c
London	4	39	3	37	r
Luxembourg	-2	28	-3	27	sf
Madrid	8	46	4	39	r
Milan	2	36	-3	27	sf
Moscow	-4	25	-6	21	sn
Munich	1	34	-7	19	sn
Nice	10	50	3	37	c
Oslo	-5	23	-12	10	c
Paris	0	32	-1	30	c
Prague	-2	28	-3	27	sn
Reykjavik	5	41	3	37	r
Rome	11	52	6	43	c
Stockholm	-5	23	-7	19	sn
Strasbourg	-1	30	-7	19	sn
Venice	1	34	-1	30	fr
Vienna	0	32	-1	30	sn
Warsaw	0	32	-1	30	sn
Zurich	—	—	—	—	na
MIDDLE EAST					
Ankara	—	—	—	—	na
Cairo	19	66	9	48	fr
Istanbul	—	—	—	—	na
Jerusalem	12	54	7	45	cl
Tel Aviv	18	64	13	55	fr
OCEANIA					
Auckland	—	—	—	—	na
Sydney	31	88	21	70	sh

ASIA	HIGH °C	HIGH °F	LOW °C	LOW °F	
Bangkok	32	90	24	75	r
Beijing	-1	30	-10	14	sn
Hong Kong	17	63	14	57	r
Manila	31	88	23	73	r
New Delhi	21	70	8	46	fr
Seoul	2	36	-4	25	sn
Shanghai	11	52	3	37	r
Singapore	32	90	24	75	sh
Taipei	19	66	14	57	r
Tokyo	12	54	1	34	r
AFRICA					
Algiers	16	61	12	54	r
Cape Town	28	82	17	63	fr
Casablanca	18	64	12	54	r
Harare	28	82	18	64	fr
Lagos	32	90	24	75	r
Nairobi	27	81	20	68	r
Tunis	16	61	12	54	r
LATIN AMERICA					
Buenos Aires	—	—	—	—	na
Lima	23	73	17	63	sh
Mexico City	22	72	11	52	fr
Rio de Janeiro	33	91	26	79	fr
NORTH AMERICA					
Anchorage	-19	-2	-30	-22	sn
Atlanta	8	46	-1	30	fr
Boston	3	37	-4	25	sn
Chicago	-2	28	-9	16	sn
Denver	13	55	-3	27	fr
Detroit	-1	30	-7	19	sn
Honolulu	29	84	22	72	r
Houston	15	59	7	45	r
Los Angeles	21	70	12	54	fr
Miami	27	81	17	63	r
Minneapolis	-4	25	-15	5	sn
Montreal	-1	30	-11	12	sn
Nassau	27	81	21	70	r
New York	7	45	1	34	sn
Phoenix	20	68	7	45	cl
San Francisco	11	52	7	45	r
Seattle	4	39	1	34	sn
Toronto	-1	30	-7	19	sn
Washington	9	48	-3	27	sn

cl-cloudy; fr-foggy; fr-fair; h-hail; o-overcast; sc-partly cloudy; r-rain; sh-showers; sn-snow; st-storms

TUESDAY'S FORECAST — CHANNEL: Storm. FRANKFURT: Rain. Temp. 7 — 1 (45 — 30). LONDON: Cloudy. Temp. 5 — 1 (41 — 34). MADRID: Fair. Temp. 14 — 3 (57 — 37). NEW YORK: Fair. Temps. 4 — 1 (39 — 30). PARIS: Overcast. Temp. 3 — 0 (41 — 32). ROME: Rain. Temp. 14 — 1 (57 — 34). TEL AVIV: Not available. ZURICH: Foggy. Temps. 1 — 0 (34 — 32). BANGKOK: Partly cloudy. Temp. 33 — 23 (91 — 73). HONG KONG: Rain. Temps. 18 — 16 (63 — 57). MANILA: Fair. Temp. 30 — 20 (86 — 68). SEOUL: Cloudy. Temps. 0 — -8 (32 — 18). SINGAPORE: Showers. Temp. 27 — 24 (81 — 75). TOKYO: Fair. Temps. 9 — 1 (48 —

Agence France-Presse

Fireworks lit up the Brandenburg Gate as 1990 arrived in Berlin to general merriment and an accidental death.

Dancing on the Wall, Berlin Welcomes 1990

Compiled by Our Staff From Dispatches

BERLIN — Tens of thousands ushered in the new year along and on the Berlin Wall, dancing and setting off fireworks early Monday as they celebrated the arrival of a decade free of the barriers that divided the city for nearly 30 years.

At least one person was killed as a huge outdoor screen set up by East German television collapsed on the crowd after scores of people climbed on the scaffolding supporting it.

Officials said 135 persons were injured during the celebrations, most of them when the screen fell.

Celebrations also took a toll in London, where about 70,000 revelers welcomed the new year in Trafalgar Square.

At least 114 persons were injured in the square, the police said.

Two persons were rushed to a hospital, one with a suspected fractured skull and another after a heart attack, the police said. They arrested 36 persons, mainly for drunk and disorderly behavior.

The turnout was one of the largest since 1983, when more than 100,000 people thronged Trafalgar Square and two women were trampled to death.

New year celebrations were equally violent in Italy, where two persons, one a 10-year-old boy, were killed and nearly 800 injured as 1990 arrived in a fusillade of fireworks and gunshots.

A furniture factory outside Naples burned when fireworks hit it, causing damage estimated at 3 billion lire ($2.3 million).

Firemen in Naples, traditionally a center of festivities, were called to put out about 200 fires. *(UPI, AP, Reuters)*

Gorbachev Hails Year Of 'Renewal'

By Francis X. Clines
New York Times Service

MOSCOW — The Soviet nation bid an ambivalent adieu to 1989 in midnight revels, joining President Mikhail S. Gorbachev in expressing regret over the "bitterness" of the withered economy while hailing the "waves of revolutionary renewal" that have tattered the Kremlin's East European bloc.

"The country has lived through a difficult year, the most difficult year of *perestroika*," the Soviet leader conceded, speaking of his troubled restructuring program in his New Year's address late Sunday even as he cited 1989 as "the year of the ending of the Cold War."

"The 1990s promise to become the most fruitful period in the history of civilization," said Mr. Gorbachev, who tried to explain the season of political rebellion that swept across Poland, Hungary, East Germany, Bulgaria, Czechoslovakia and Romania as "the necessity to combine socialism with democracy."

"Whatever the aspect, joyous or bitter, the times turn to us and our kith and kin," he said, hailing the democratization achieved in 1989.

He did not mention looming issues like his defense of the Communist Party's monopoly on power.

This political monopoly has been systematically discarded elsewhere in Eastern Europe as change-minded leaders replace the Communists.

Instead, Mr. Gorbachev hailed the big picture, in which "the post-war division of the Continent recedes into the past."

"Every person shoulders part of what the entire country is experiencing," he said in urging another year of support and labor for his five-year-long leadership.

He tersely summarized the "complexities and political passions" of the Soviet Union in 1989: growing labor unrest, separatist political agitation, revived ethnic tension and violence, and a consumer market he conceded was more "aggravated" than ever.

Throughout the day, crowds gathered in slow lines at stores rumored to have scarce items such as soap, coffee or chocolate.

Mandarin oranges, a special seasonal treat, were available in some markets at three times the price of a year ago.

St. Basil's Bells Toll in Moscow After Long Lull

The Associated Press

MOSCOW — The bells of St. Basil's Cathedral rang out over Red Square on Monday for the first time since 1922, when the Soviet government restricted the Russian Orthodox Church.

More than 100,000 Muscovites visited the square outside the Kremlin to listen to several bell concerts resounding from St. Basil's onion domes.

Now an architectural museum, St. Basil's was downgraded from a cathedral to a church in 1922. Religious operations ceased in 1929, museum officials said.

South Africa Seeks Skilled East Germans

By Christopher S. Wren
New York Times Service

JOHANNESBURG — The government is encouraging skilled East Germans to immigrate to South Africa, which has a shortage of skilled labor but has a surplus of unskilled labor.

The Department of Home Affairs in Pretoria confirmed in a statement issued last week that South Africa's embassies in Bonn, Bern and Vienna and its consulate in Munich had been asked to consider suitably qualified East Germans who wanted to immigrate.

It denied reports that Pretoria had sent a delegation to Western Europe to recruit East Germans.

An advertisement inviting applications was published in a West German newspaper on Nov. 1, the department said.

The desirable occupations listed in the statement included engineers, computer specialists, accountants, physicians, geologists, metallurgists and microbiologists.

The department, whose responsibilities include immigration and emigration, was responding to press queries prompted by a report circulated Dec. 26 from Harare, Zimbabwe.

The official Zimbabwe press agency quoted an unidentified official of the United Democratic Front, the South African anti-apartheid umbrella group, as saying the South African government had been trying to recruit white manpower from East Germany and other East European countries.

"We do have a lot of skilled black South Africans in the country who are still unemployed and a lot of educated young people who could easily be trained and fill the gap," the agency quoted the official as saying.

The Pretoria department said its embassies abroad were always looking for potential immigrants with useful skills. But it said a work permit would be issued to a foreigner only if there were no South Africans qualified to fill the job.

The disclosure has touched a raw nerve with the anti-apartheid movement because of the high rate of unemployment among blacks.

Under the apartheid system, the best jobs used to be reserved for whites, although many such restrictions have fallen away because employers could not find enough skilled workers to meet their needs.

In some previous years, South Africa has had an outflow of emigrants that exceeded the number of immigrants. But that has tapered off since 1977, a year after major rioting in the Soweto township, when 26,000 whites left.

A decade later, in 1987, 11,174 emigrated while 7,953 immigrants arrived. The emigrants tend to have less education than the immigrants.

A marketing survey in 1987 reported that more than 160,000 white adults in South African cities and towns expected to emigrate in the next five years.

But that flow appears to have been reduced as a result of the shift away from apartheid promised by President F.W. de Klerk.

Young white men have been encouraged to stay by a reduction in their compulsory military service, from two years to one.

Pretoria Says 58% of Blacks Failed Exams

New York Times Service

JOHANNESBURG — Fifty-eight percent of black high school seniors failed their final examinations last year, a disastrous showing that has revived the controversy over segregated education in South Africa.

According to results released by the Department of Education and Training, 74,249 student applicants, or only 42 percent, earned a matriculation certificate which is equivalent to a high school diploma.

Of those, only 17,553 did well enough to qualify to go on to a university. The showing was said to be the worst in five years.

By comparison, 96.7 percent of the white students passed the same national examinations in the Transvaal, the first province to announce matriculation results. Critics of the segregated school system observe that the government spends five times as much on a white student as on a black one.

At a news conference in Pretoria, Bernhard Louw, director-general of the Department of Education and Training, said the failure rate was higher because the lenient promotion policy of previous years had been tightened. He also blamed the disruption of classes by political boycotts and a 13 percent rise in secondary school enrollment.

Poland Raises Prices of Basic Goods

By Steven Greenhouse
New York Times Service

WARSAW — The government announced hefty price increases on basic goods and services on Monday, a move that is part of a crash program to give Poland a more market-oriented economy.

The Finance Ministry announced that the price of coal, the nation's chief heating fuel, will rise by 400 percent for companies and by 600 percent for households. Electricity prices will soar 500 percent for companies and 400 percent for households.

The government said such price increases are necessary to slash subsidies for goods and services as part of an effort to balance the nation's budget and ultimately bring down Poland's 500-percent-plus inflation rate.

The crash economic package, which took effect Monday, aims not only to check inflation but to make Poland the first East European nation to replace its communist economic system with capitalism.

The plan includes slashing most subsidies, ending almost all price controls, privatizing many state-owned enterprises and allowing inefficient companies to go bankrupt.

The government also announced Monday that railroad fares were raised by 250 percent on average and that municipal bus fares doubled. Gasoline prices also doubled.

Even after the increases, many of these prices remained low by Western standards, but the higher prices will take a big bite from the wages of Polish workers. The average monthly wage for Poles is about 350,000 zlotys, or about $37 at the official exchange rate.

Tuesday will be an important day because banks and foreign exchange counters will reopen and handle what the government hopes will be Eastern Europe's first convertible currency.

The government also announced a 32-percent devaluation of the zloty, lowering the exchange rate to 9,500 zlotys to the dollar from 6,500. This move pegged the zloty's official rate to near that of the black market. One effect of the devaluation will be to make imported goods more expensive.

In an interview Monday with PAP, the official news agency, Finance Minister Leszek Balcerowicz, the chief architect of the economic package, sought to defend the program. It has been criticized for being too stringent and too hastily put together. The program is expected to bring about many layoffs and bankruptcies, push inflation to close to 1,000 percent in the short term and reduce disposable incomes.

"We must recognize that if we did not decide now on radical action, the social costs would be even higher," Mr. Balcerowicz said.

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Panama City protesters on New

Noriega I

By David E. Pitt
New York Times Service

PANAMA CITY — With the impasse over the fate of General Manuel Antonio Noriega entering its second week, the president of Panama and his attorney general have disagreed over whether to file charges against the deposed strongman or leave the question of his prosecution to the United States.

The split Sunday, reflected in contradictory statements by Presi-

U.S. Retract Of Noriega

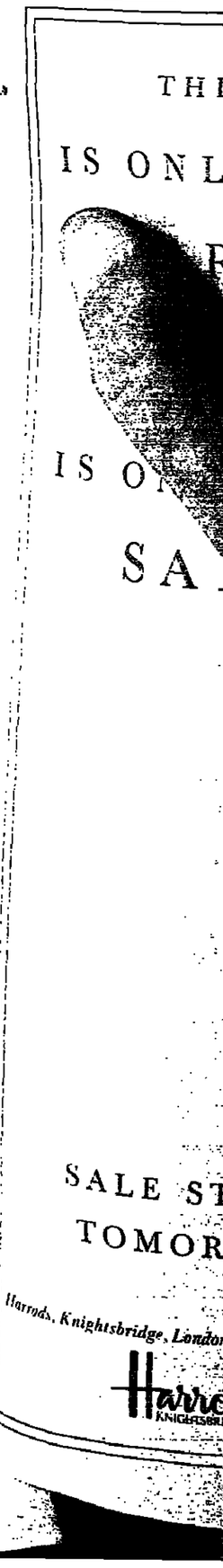
By Andrew Rosenthal
New York Times Service

WASHINGTON — U.S. officials have retracted a report that Mike Harari, an Israeli identified as a close associate of General Manuel Antonio Noriega, has been captured.

Administration officials said Sunday that U.S. officials in Panama who thought they had seized Mr. Harari may have confused him with his former driver.

The report that Mr. Harari, a former Israeli intelligence offic in Central America and Mexi was in U.S. custody was retract on Saturday by the same senio U.S. Embassy official in Panama who had issued it on Thursday.

The official said the U.S. military either captured the wrong man or detained Mr. Harari but released



Panama City protesters on New Year's Eve wore shirts with emblems mocking General Noriega, derisively known as "pineapple face."

Scott Applewhite/The Associated Press

Noriega Impasse Splits Panama Leaders

By David E. Pitt
New York Times Service

PANAMA CITY — With the impasse over the fate of General Manuel Antonio Noriega entering its second week, the president of Panama said his attorney general have disagreed over whether to file charges against the deposed strongman or leave the question of his prosecution to the United States.

The split Sunday, reflected in contradictory statements by President Guillermo Endara and his attorney general, Rogelio Cruz, came on another day of seemingly fruitless talks between U.S. officials and representatives of the Vatican.

There were unconfirmed reports, however, that negotiators reached a solution that would involve a third country taking custody of the general. General Noriega has been in the Vatican mission since Christmas Eve.

Mr. Cruz announced that his office might try to indict the general on charges of murder and drug trafficking, a step that could involve asking the U.S. authorities to keep the general in what he called preventive detention.

He suggested that he might seek to file charges as early as Tuesday and that the charges could relate to the killing of at least 10 military officers who sought to topple General Noriega on Oct. 3.

But soon after Mr. Cruz spoke, Mr. Endara dismissed the idea of Panama prosecuting the ousted dictator as impractical. The problem, he said, is that while Panamanians want General Noriega punished, the country has not had enough time to rebuild its criminal-justice system since the U.S. military invasion that began Dec. 20.

The U.S. intervention swept away the staffs of virtually all of the Noriega-dominated institutions of government.

"I hope," Mr. Endara said, "that the pope does not put us on the spot" by agreeing to a deal under which the general would be handed over to Panama for prosecution.

In South America, the Drug War Falters

By Joseph B. Treaster and Bernard E. Trainor
New York Times Service

BOGOTA — Despite some seemingly spectacular successes, the drug war in South America is not going well.

Critics say the U.S. invasion of Panama, justified in part as an anti-drug initiative, has only fragmented what is already a largely ineffective effort.

Despite the lack of sympathy for General Manuel Antonio Noriega of Panama, Latin America was clearly shaken by the latest case of U.S. intervention in the region.

Peru dramatized that reaction by pulling out of an Andean summit meeting on drugs with President George Bush, set for February, and briefly halting an anti-drug effort with the United States.

Because Peru grows 70 percent of the coca plants processed into the cocaine that is smuggled into the United States, its withdrawal from the talks dashed hopes for a start on a cohesive regional plan.

Colombia and Bolivia, the other two major cocaine producers in South America, say they still plan to meet with Mr. Bush.

But without Peru's cooperation, narcotics experts say, the drug war cannot succeed because the country would become a huge sanctuary for growers and drug traffickers pursued by the two neighboring countries.

Trying to knock Panama off the cocaine-distribution map by taking out General Noriega, who has long been linked to the drug traffic, was not a fair trade for the alienation of Peru, critics say.

Panama's importance in the drug trade was waning as tensions between General Noriega and the United States grew and drug traffickers and money launderers left for more tranquil points in the Caribbean, Mexico, Canada, Europe and Asia.

Mr. Bush's campaign to stop cocaine at its source in the Andes, part of a broader drug strategy *including $2 billion in economic aid* to Peru, Bolivia and Colombia over four years and efforts to train the military and police of those countries to stop drug traffickers.

But four months into the campaign, the picture is still bleak.

Cocaine is flowing as freely as ever to the United States, and it is becoming increasingly clear that for the Andean nations, cutting cocaine production and exports is by no means the top priority.

Colombia has embarked on a campaign to arrest its major traffickers and seize their assets. But for every trafficker who falls, another replaces him, overseeing the processing of the coca leaf and arranging for the shipment of cocaine to North America.

And the coca plant continues to be cultivated in Peru and Bolivia, where poor farmers have discovered its value as a cash crop.

Senator Joseph R. Biden Jr., a Democrat of Delaware and chairman of the Judiciary Committee, characterized the administration's campaign as "little more than a paper initiative."

"The United States," he said, "must launch a genuine plan for the Andes, not just a laundry list of disjointed initiatives."

The administration's response is that the problem of cocaine smuggling from Latin America has been building since the early 1970s and that it will take time to resolve.

"We can show some little successes, but overall it's going to take several years," said a U.S. official in Peru. "We're just getting into the ball game, just starting to get the resources we need."

Some administration officials working on drug issues in Washington say they do not expect to see any measurable effect on the flow of cocaine into the United States until late 1990.

"That's just a realistic assessment of how long it takes government to work," an official said.

Some aides to Mr. Bush acknowledged that the invasion of Panama has not been a plus for the drug war. One said the U.S. move was "catastrophically negative."

Rehnquist Urges More U.S. Judges

By Linda Greenhouse
New York Times Service

WASHINGTON — Chief Justice William H. Rehnquist, in a year-end plea to Congress and the White House for additional federal judgeships, has warned that "the war on drugs will fail if the judiciary is not given the judgeships necessary to do the job."

The number of drug cases filed in the U.S. district courts has nearly tripled in the past decade, putting an extraordinary burden on already overworked judges, Justice Rehnquist wrote in his annual report on the judiciary.

The chief justice asked for "immediate action" on a recent proposal to create 59 judgeships for the district courts, which now have 575 positions, and 16 for the appellate courts, which now have 168. Fifty-seven of the existing judgeships are vacant.

The request for more judges was made in October by the Judicial Conference of the United States, the policy-making body for the courts, of which the chief justice is chairman. Neither Congress nor the Bush administration has acted on the recommendation.

No U.S. judgeships have been created since 1984. Since that time, Justice Rehnquist said, the caseload of the U.S. courts has increased by 25 percent and the appellate dockets have grown by more than 26 percent.

He said drug cases in the district courts have nearly tripled since 1980. Nearly 55 percent of all criminal appeals now involve drug offenses, the report said, as against 30 percent in 1980.

The report reflected the concern many judges have expressed over the extent to which drug prosecutions now dominate the dockets.

While holding the number of judges constant, Congress over the past two years has authorized a 50-percent increase in the number of U.S. prosecutors, with the 1,200 to 1,300 new prosecutors being assigned primarily to narcotics and white-collar crime.

The chief justice said: "Huge personnel assets have been added to bring about more prosecutions, and huge assets have been devoted to prisons to house the convicted, but without the judgepower to handle the added workload."

U.S. Retracts Its Report Of Noriega Aide Arrest

By Andrew Rosenthal
New York Times Service

WASHINGTON — U.S. officials have retracted a report that Mike Harari, an Israeli identified as a close associate of General Manuel Antonio Noriega, has been captured.

Administration officials said Sunday that U.S. officials in Panama who thought they had seized Mr. Harari may have confused him with his former driver.

The report that Mr. Harari, a former Israeli intelligence official in Central America and Mexico, was in U.S. custody was retracted on Saturday by the same senior U.S. Embassy official in Panama who had issued it on Thursday.

The official said the U.S. military officer captured the exiting man, or detained Mr. Harari but released him after "he convinced them he was someone else."

White House and Pentagon officials in the United States did not confirm the initial report. The reported detention of Mr. Harari caused some official embarrassment in Washington because it was hailed by the new Panamanian government as a major development. Mr. Harari is known to have recruited and trained the general's personal security detail.

The erroneous report, which officials said Sunday was a result of crossed signals between diplomatic and military officials in Washington, prompted the Justice Department to send a query to the Israeli Foreign Ministry asking whether they had any pending criminal charges against Mr. Harari, officials said.

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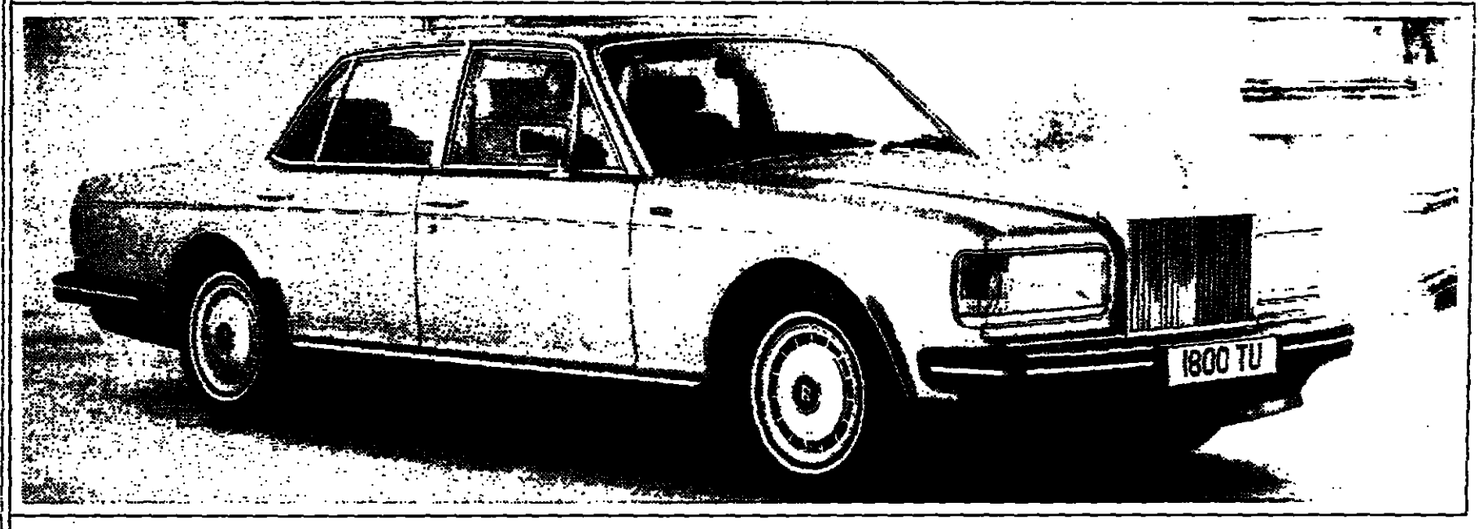

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OPINION

The Year of Revolution

Why did it happen so fast? The great event of 1989 has been the revolution in Eastern Europe. With spectacular speed the old-line Communists have fallen in all six of the countries that are the Soviet Union's European allies — the six that used to be called the satellites.

This revolution began in the Soviet Union, with a reversal of prevailing ideas about the state's security. For years the state had held that military power was everything and the economy would have to make whatever sacrifices were necessary to support it. But throughout the 1980s increasing numbers of people at the top began to believe that the opposite was true — that Soviet security was going to depend essentially on economic power, and that some of the traditional military arrangements were going to have to be sacrificed to strengthen its development.

This reversal was gradual, as the Soviet economy stagnated. Attempts at reform were limited and conventional at first, but each failure pushed toward more radical experiments. Important Soviets came to believe that they needed not only better access to Western technology but also better and closer relations with the rest of the world in general. That meant, among other things, no more use of Soviet tanks to repress dissent in Eastern Europe. The reaction in the West would be too expensive, and in pure terms of financial outlay the cost of trying to maintain enforced order in Eastern Europe would be too high.

At the beginning of 1989, no one in Eastern Europe knew how far the Soviets were prepared to follow these new ideas. Perhaps no one in the Kremlin really knew. As the year opened, Communist politicians in both Hungary and Poland were testing the limits of Soviet tolerance.

By the spring, the Hungarian Communists were talking of free elections, and in May they actually began dismantling the fences on the Austrian border. But Hungary was of minor military importance to the Soviets. Poland, people said, would be different because it was the line of communication to East Germany, strategically the most important of the Soviets' European colonies. Then, in June, semi-free elections in Poland turned into a disaster for the Communists, and in August, in a phone call from Moscow, President Mikhail Gorbachev encouraged the Polish Communists to join a government led by Solidarity.

In September, as East Germans poured across the now open Hungarian border, opposition demonstrations in East Germany began to attract gigantic crowds. President Gorbachev, on a visit to East Berlin in early October, spoke of the need for change. Eleven days later the ultra-orthodox head of the East German state, Erich Honecker, fell from power.

East Germany was the key to the Soviet position in Eastern Europe. If the Soviets were not prepared to use military force to maintain a Communist government there, *they would not use it anywhere. As that* realization sank in, Communist politicians in Czechoslovakia and Bulgaria hastily began making accommodations with their adversaries, kicking the old men out and striking *the best bargains they could manage* with the now dominant dissidents.

In all of these countries the Communists made concessions, not out of any sudden love for democracy but out of fear — physical and personal. Without Soviet tanks to stiffen their own troops, they feared that their armies would turn on them, and that if they began to use guns on the crowds, the crowds would shortly use the same guns on them. Of all the East European leaders, only Romania's Nicolae Ceausescu dared to trust his own security forces. His execution on Christmas Day, after a summary court-martial, proved the wisdom of the others who had chosen to surrender power peacefully.

It seems that 1990 will be a year of elections. It will be a year of unremittingly arduous work to build parliamentary governments in countries most of which have been living under repression of right or left ever since the 1920s, and some of which have had very little experience of any sort with democracy. The struggle to establish freedom and civil liberties in Eastern Europe is not ended. It is only now beginning.

— THE WASHINGTON POST.

For Peace in Cambodia

The last international go at fixing Cambodia, at a Paris conference, failed when no agreement could be reached to include the fanatical Communist Khmer Rouge in a transitional government. The Soviet Union, Vietnam and the Cambodian regime they support insisted on barring this genocidal faction. They carried the day over China and its partners on this issue, the Southeast Asian group and the United States. The decision was a political rebuff to the Khmer Rouge, but of course they retained the capacity to fight on. Now a new international effort is taking shape under Australia's lead. Its novelty is to finesse a Khmer Rouge transitional role by sidelining all the Cambodian parties while the United Nations administers the country, enforces a cease-fire and runs new elections.

There is more than a bit of desperation and unreality in this proposal. It puts an immense logistical, political and military burden on the United Nations, and it demands an unprecedented measure of sophisticated balancing among warring Cambodians and wary regional players and great powers alike. Although the United Nations' Namibia role has been cited as an encouraging model, this is not really so. South Africa is running Namibia's transition to independence; the United Nations is observing. In Cambodia, the United Nations would be running the show — tackling a job where the outlines of consensus are not yet really in sight.

Still, the proposal is an immense improvement on the policy the United States is currently following. Washington is helping the non-Communist Sihanouk-Soon forces fight Hun Sen, whose Cambodian regime is supported by Hanoi and Moscow. By helping these forces, which are working "more and more," says Prince Sihanouk, with the blood-soaked Khmer Rouge, Washington is beating down what is regrettably the best bulwark — Hun Sen — against a return of the Khmer Rouge. This is an abysmal policy reflecting an outlandish degree of deference to China.

As much a long shot as the Australian proposal appears to be, it could be as useful a vehicle for diplomacy as anything else around. Nobody has fully said yes to it yet, but nobody wants to say no, either. At the least, it revives an international negotiation that provides a cover for the difficult adjustments the Chinese in particular — the "great driving force" behind the Khmer Rouge, according to the Australian foreign minister — must make if anything faintly resembling peace is eventually to come to Cambodia.

— THE WASHINGTON POST.

Foolishness in Panama

The Bush administration was right to apologize after U.S. troops broke into the Nicaraguan ambassador's residence in Panama. But President George Bush is much too cavalier when he dismisses Friday's raid as a mere "screwup." Nor can the raid be pardoned, as he implies, just because the troops found a cache of weapons. The sanctity of diplomatic premises is a principle that the United States has a large stake in defending. U.S. diplomatic personnel are extraordinarily vulnerable around the world. Surely the White House cannot have forgotten the invasion a decade ago of the embassy in Tehran.

It seems especially foolish for Washington to provoke new diplomatic trouble just weeks before Nicaragua's closely watched elections. Managua's decision to retaliate by expelling 20 U.S. diplomats and reducing their support staff will not make the task of monitoring those elections any easier.

Finally, the incident distracts from more important priorities. These include breaking the impasse over what to do with General Manuel Antonio Noriega, and getting on with the job of building a healthy and fully sovereign Panama.

The State Department explained that U.S. troops were ordered to carry out a search after receiving "reliable information regarding an arms cache." U.S. authorities also claim that they did not know that the location in question was the official residence of Nicaragua's ambassador. That seems incredible given earlier concerns that General Noriega might seek refuge with Nicaraguan diplomats. In addition, an embassy shield the size of a manhole cover was reportedly visible on the front of the residence.

Nicaragua is undoubtedly exploiting America's folly to score propaganda points. But, given Washington's long support for the contra rebels, it is understandable if Managua sees the episode as more threatening than a mere "screwup." Incidents like this one, and last week's tough talk toward the Vatican and day and night musical bombardment of its nunciature, underscore the risk that prolonged U.S. military occupation poses for larger American interests.

True, the occupation will continue until an adequate Panamanian security force can be constituted and the standoff over General Noriega's custody is satisfactorily resolved. But the Bush administration needs to keep its sights on the only valid justification for its invasion of Panama: protecting American lives and American rights under the Panama Canal treaties.

Mr. Bush both apologizes for the break-in and seeks to excuse it. In the interest of protecting U.S. diplomats, he needs to make an unambiguous apology that acknowledges the gravity of the incident. And to underline this he ought also to reprimand the officers in the chain of command who approved this illegal action.

— THE NEW YORK TIMES.

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Gorbachev's Job May Be Too Big for Him

By Paul H. Nitze

This is the first of two articles.

WASHINGTON — The collapse of the Soviet empire in the last few months can justly be called the revolution of 1989. The question we must address now is where this revolution is heading — and how the United States can most appropriately respond to it.

The starting point for such an analysis must be an honest reckoning with Mikhail Gorbachev, an architect of this revoltion but perhaps ultimately its victim.

There has been much discussion lately of the possibility that Mr. Gorbachev might fail and be replaced as Soviet leader. Such an event would be tactically significant, but *I believe that it no longer* would be strategically significant. For any successor to Mr. Gorbachev would have to deal with today's situation — with the whole panoply of Soviet problems and the constraints on policy that those problems create — as much as Mr. Gorbachev will have to do if he *continues in power.*

Three or four years ago, Mr. Gorbachev told some of us that even before he became general secretary of the Communist Party in 1985, he and his colleague, Nikolai Ryzhkov, began to examine what was wrong with the society that the party had created — its institutions, its practices, its economy and its devotion to aggressive military capabilities. There was much that they did not like. They selected teams of experts to plan the programs that became glasnost and perestroika and to take a new look at Soviet defense requirements and doctrine. The seeds of a new era were thus planted.

Mr. Gorbachev began implementing changes soon after becoming general secretary. At first it appeared that he intended only to make the existing system work more efficiently. But over time, probably because he learned that limited change was being outpaced by events, he turned to broader, structural reforms.

Did he understand the significance of these changes? Probably not. He was able to exploit the reforms in a brilliant campaign to isolate and defeat his principal domestic opponents and to win political approval in the West. But I doubt that he appreciated the breadth and strength of the forces unleashed or the difficulties he would face.

The aims of Mr. Gorbachev's reforms seemed to include:

- Modernizing the Soviet economy, primarily by introducing market forces.
- Restructuring the Communist Party organization and its relationship to the government, presumably to increase efficiency and the responsiveness of the ruling apparatus to the views of wider groups within the country.
- Dealing sympathetically, but within strict limits, with nationalities seeking greater independence in the Soviet Union and the Warsaw Pact.
- Reducing the burden of military expenditures on the Soviet economy, while maintaining fully adequate military capabilities, through a combination of unilateral actions and arms control negotiations.
- Enticing more significant assistance of various kinds from the outside world, in part by easing the apparent threat posed to the West by the Soviet Union.

Mr. Gorbachev's efforts to date to attain all but the last of these goals have met with spreading failure.

He has not been able to introduce market forces as he had originally planned. In the meantime, the economic situation in the Soviet Union has radically worsened. A prerequisite to a healthy market is to have a reasonably stable medium of exchange, with a ruble exchange rate that reflects the true value of the currency. This has eluded him.

In addition, leasing of agricultural land has not produced the anticipated results, and many of the commercial cooperatives seem to have led to corruption, creating serious political problems.

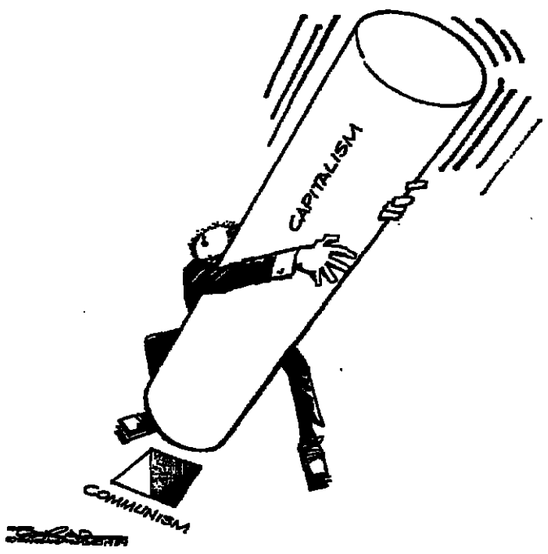
Mr. Gorbachev's efforts to restructure the party and the government have had some success in increasing efficiency and responsiveness, but the system still is subject to his ultimate personal control. Without that ultimate control, the situation could become unstable.

The problems with internal nationalities have grown far beyond anything Mr. Gorbachev anticipated. And the limits he earlier put on the extent of reform in Eastern Europe have been swept away by the political forces let loose by the discrediting of totalitarian communism.

Perhaps his greatest success has been in wooing the West and eliciting external assistance. There are now proposals for a complete withdrawal of U.S. forces from Europe, and even calls for a Marshall Plan to assist the Soviet Union and the Warsaw Pact in making the transition from communism.

In sum, Mr. Gorbachev and the rest of the Soviet leadership face immense problems, and his efforts to date to overcome these problems have for the most part fallen far short of success. In fact, these difficulties may prove insuperable.

The writer was special adviser on arms control to President Reagan. He is author of "From Hiroshima to Glasnost: At the Center of Decision — A Memoir." He contributed this comment to The Washington Post.



The East Europeans Have Created a New Horizon

By Flora Lewis

PARIS — The dizzying conclusion of the decade did mark the end of a historical period, so dramatically that only die-hard dodos could still suggest that it may be only a mirage or a trick.

That Scrooge view would make things easier to handle, though. After well-deserved euphoria comes the hard part, new beginnings. The year ahead is likely to be the most difficult, as country after country scrambles to find its way through confusion and disorganization to establish a new base for society. The whole of the '90s is going to be a time of transition.

The scope of the horizon dazzles. It calls to mind the hubristic title that the late Secretary of State Dean Acheson chose for his memoirs, "Present at the Creation." But his point was valid. He was describing the effort to establish a new international order in the wreckage of World War II.

It was only a partial success, blocked by the East-West divide. Now comes the second part, extending that achievement to the East to remove the possibility of major war.

The peace between East and West was kept, but by a balance of terror. The '90s offer the prospect of a peace based on mutual consent.

Last summer, when the avalanche was rumbling but had yet to overwhelm the familiar landscape, Rolf Dahrendorf, rector of St. Anthony's College at Oxford, noted that the ground had already been laid for what could follow. He called it the "common market of thought" in East and West. "We have the same concepts of civil society," he said, and they must be the guideline during the coming transformations.

Perturbations of all kinds are to be expected. People suddenly relieved of the burdens of repression, of downright medieval tyranny in the case of Romania, will bear the burdens of reconstructing their ravaged economies with impatience. It wasn't their fault things got so bad. They won't find it easy to accept that again the bill is addressed to them.

That is inevitable, and it is why generous but carefully supervised Western help will be so important. The key is to show that they have a real chance of rising on their own, that this time the promise accompanying the call for sacrifice will not be empty.

Civil rights are essential to the credibility of the promise. But it is a mistake to suppose that new freedoms will make dialogue easier and more harmonious. Mikhail Gorbachev has learned with some shock that the opposite is true. Stifled old grievances will pour out with increasing intensity as the joy of being allowed to speak gives way to the practice of doing so.

Much will come as expressions of nationalism, an attempt to redress felt wrongs through ethnic assertion. This has some advantages. Pride of community can be a powerful mobilizing force of energies urgently needed but long dormant. It also has serious risks, an invitation to demagogic populism that can divert and distort those energies destructively.

The new leaders in every country in the East, including the Soviet Union and its republics, will need to resist that temptation if they are to become statesmen worthy of their people's trust.

The West can help, encouraging regional cooperation of the intimate sort that contributed so much to Western success, refusing to play off rivalries. This will be a particular responsibility for West Germany, with its special attachment to Germans in the East and its impressive means.

The best way to assure coordination in the East is Western coordination. It has started but there is much more to develop.

People in other parts of the world will complain lest they be neglected. Decolonization brought them only one step toward their aspirations, they discovered, and many still think in dependent terms, waiting to be saved. They are right to feel left out as Europe claims a priority cure.

But they should notice that the opening to democracy was made by the people themselves, not donated or decreed by anyone. Who knows, maybe whole mute societies are quietly ripening for the hopeful contagion now spread across the East. But there is not yet that "common market of thought," which must arise of its own to make fruitful use of opportunities and resources.

Meanwhile, the East's material and moral recovery should not be seen as an alternative to anyone else's. Eastern success will expand the world capacity for prosperity, offer important new markets to the South and a new pool of investment and aid later on.

The new year will be a struggle, a time of plowing and sowing.

The new decade will be a challenge, a time of cultivating and husbanding. It is fitting that it will end the century and the millennium, for with the harvest the world will be in much better shape to get on with its big problems.

The New York Times.

Noriega: The Makings of an Interesting Interview

By Kevin P. Buckley

WASHINGTON — Two years *ago when I visited Manuel Antonio* Noriega in his office at the headquarters of the Panamanian Defense Forces, strict ground rules prevailed. In short, any "fastball" question about narco-trafficking, election rigging, murder of opponents or covert assistance to U.S. intelligence would end our meeting abruptly.

But I did ask him about his "soul," and he volunteered a self-portrait that included the following information: He was interested in religion because of "man's incapacity to understand what surrounds him" and "the need to believe in something." General Noriega decried what most Panamanians told me was true (and what has been confirmed by recent discoveries) — that he dabbled in voodoo.

When we parted he called me back from the corridor. I had another chance to look at his chairs upholstered in camouflage fabric and his collection of small glass frogs. The nickname for "informer" in Panama City argot is "sapo," or frog. General Noriega apologized for his lack of hospitality and gave me a piece of butterscotch candy, which I have kept in its cellophane wrapper. He promised me that we could meet again and I could ask him more questions.

Here are a few matters on which I would like to hear his thoughts:

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His two recorded meetings with George Bush.

The two men had lunch together in Washington in late 1976 when each directed his country's intelligence service. They met again in Panama in December 1983. One of General Noriega's closest political advisers at that time was José Blandon, and he later told me what General Noriega had told him about the latter meeting.

According to Mr. Blandon, General Noriega said Mr. Bush expressed concern about reports of money laundering in Panama and about democracy in Panama and Nicaragua. General Noriega deduced an oblique message from Mr. Bush, which he paraphrased to Mr. Blandon as follows: The United States wanted help *for the contras so badly that if* General Noriega even promised it, the U.S government would turn a blind eye to money laundering and setbacks to democracy in Panama. General Noriega said the first good test of his theory would be the Panamanian elections in May 1984.

As it happened, the late Dr. Arnulfo Arias, the political mentor of General Noriega, won the popular vote. But General Noriega delayed and altered the returns so that Nicolás Barletta, his handpicked candidate, was declared the winner in an episode of electoral fraud every bit as flagrant as in last May's election. When Mr. Barletta's former teacher, George Shultz, made plans to attend the inaugural, General Noriega felt free to behave as he wished inside and outside of Panama.

Indeed, even while the 1984 election was going on, General Noriega felt confident enough to provide shelter in Panama (for a fee of $4 million) to the entire leadership of the Medellín cocaine cartel, which was being chased by Colombian authorities after the murder of the Colombian justice minister.

□

His meetings with Oliver North and his involvement with the contras.

General Noriega described then Lieutenant Colonel North to his cronies as a boastful naff, eager for the approval of a tough-hombre-operator. General Noriega said he dealt with him accordingly.

According to Mr. Blandon, the two men met on a yacht provided by Colonel North (who had an unidentified female companion aboard) in Balboa harbor in June 1985 and again in General Noriega's office in October 1985. On both occasions the subject was assistance that General Noriega provided to the contras, such as training them on PDF bases.

The two men met again (according to the "stipulation" at Colonel North's trial) in London in September 1986 when General Noriega offered to assassinate the entire Sandinista leadership on behalf of the United States. Colonel North declined the offer, but General Noriega left the meeting with a list of targets inside Nicaragua he said he could blow up for Colonel North and the U.S. government.

General Noriega was happy to be helpful. Even after he began a campaign of harassing U.S. military personnel in February 1988, he continued to let Southern Command, the U.S. military headquarters for Latin America, operate in Panama without hindrance. A Panamanian recalled to me that while he was having a drink with General Noriega on a patio near Fort Amador in 1985, the general called his attention to a U.S. plane climbing into the sky. "That's the daily reconnaissance flight over Nicaragua," General Noriega said with a chuckle.

□

His lament to Panamanian friends that the U.S. government considered him a supportive friend until he became famous (or notorious).

After all, General Noriega began working for the CIA in the mid-1960s and his 13-page résumé is sprinkled with references to U.S. training courses, in which he always excelled. Over the years, U.S. officials referred to him as "our guy."

General Noriega told Mr. Blandon that Mr. Bush called him in October 1983 to ask him to tell Fidel Castro that the U.S. forces poised to enter Grenada had no quarrel with Cubans — a favor that General Noriega delivered. (Mr. Bush denied making the call.)

General Noriega loved to drop the names of U.S. officials and officers who visited Panama over the years and enjoyed his rollicking hospitality. His audio-video records of some of those encounters may (or may not) be lost, but General Noriega still has his memory.

Despite February 1988 indictments by Florida grand juries, officials of the U.S. Drug Enforcement Administration regularly sent him letters of commendation over the years. As late as May 1987, shortly before General Noriega became notorious, Attorney General Edwin Meese congratulated the PDF for its anti-drug efforts.

The DEA administrator, John C. Lawn, saluted the general's "personal commitment to anti-drug efforts." "DEA has long welcomed our close association and we stand ready to proceed jointly against international drug traffickers whenever the opportunity arises," Mr. Lawn wrote.

□

And why, I would ask General Noriega, has he told so many of his friends and associates, "I have Bush by the ----- !"?

In 1984, General Noriega felt confident enough to provide shelter in Panama (for a fee of $4 million) to the leadership of the Medellín cocaine cartel.

The writer is working on a book about General Noriega, Panama and U.S. policy. He contributed this comment to The Washington Post.

100, 75 AND 50 YEARS AGO

1890: Central America

PARIS — *A Herald editorial says:* How sweet it is to see Central American Republics in their nests agree: Here is Guatemala suffering from a severe attack of revolution, but nevertheless determined to make war on San Salvador, for the remarkable reason that the latter Republic has declined to elect as President the candidate who pleased Guatemala. Here, too, is Honduras, resolved for no reason whatever to join Guatemala in attacking Salvador; finally, here is Mexico making up her mind to conquer and annex all three Republics.

1915: Kaiser's New Year

PARIS — Emperor William has addressed a New Year proclamation to his troops, which may be summarized as follows: After five months' struggle, great successes have been scored; German ships have won honors everywhere, their crews showing they can die like heroes when crushed by superior forces; the German people is ready to sacrifice itself for the sacred hearth it is defending against a criminal attack. The important task the Germans have accomplished during the past year has not yet overcome the enemy, whose numbers do not frighten Germany — and, although the situation may be serious and the task an arduous one, Germans can have confidence in the future.

1940: Praise for the Pact

MOSCOW — Summing up the leading events of 1939, the Soviet press has hailed the Russo-German friendship pact with enthusiasm as an important development in European history. The "Pravda" commented: "The friendship pact with the Reich checked the schemes of those who wished to use us only to pull their own chestnuts out of the fire." The "Industrialization" wrote: "The German-Soviet accords assure peace in eastern Europe and mark a turning point in the history of Europe and of the world."

The Heroes Are Unsung Dissidents

By A. M. Rosenthal

NEW YORK — Where are their names? Search for the names of the people who built the revolutions the world celebrates.

Hunt for them in the masses of decade-end print pouring from journalists and academics. Listen for them through the hours of television analysis of the East European and Soviet struggle for freedom.

I have not found or heard them — the names of the Soviet men and women who suffered in prison for speaking the truth about what communism was doing to their country, or who died because they spoke.

Their words were heard first only in small clandestine groups in the Soviet Union. Then the truth they told reached the outside world.

For years, most of the world did not pay much attention. They seemed so few and their voices so weak.

But in Eastern Europe, as well as in the Soviet Union, the very existence of underground resistance in the center of the empire helped light the fires and keep them alive. These men and women were the "dissidents" of the Soviet Union. Many still are.

What a pallid word, "dissident," for people who were willing to fight, without arms, against the mighty Soviet power, its prisons and firing squads.

Mikhail Gorbachev has written his name larger in the '80s than anybody could have dreamed, including Mikhail Gorbachev. Without his understanding that the Soviet system was in need of change *if it was to survive* at all, the rebellion could have taken years longer to come about.

But the revolution in Eastern Europe, now moving into the Soviet Union, is not being fought for the reform of communism he seeks but for its abolition.

"I am a Communist, a convinced Communist," he proclaimed the other day. "For some that may be a fantasy. But for me it is my main goal."

He has said the same thing before. There is no reason not to believe him — or pretend, as George Bush did at Malta, that we do not hear him. That will not help persuade him to change his mind, nor help the Soviet people to replace him if he does not.

But he could not have existed as the political force he became if the truth about Soviet communism, its brutalities, the imprisonment and death of millions, the economic pillaging and social corruption had not been told by the dissidents, year after harrowing year.

Time magazine calls Mr. Gorbachev "man of the decade." Credit is due to him, but the dissidents who fought communism while he tried to build it, and still do, are the real "men of the decade" — and decades past.

Here on the desk is a black looseleaf book with page after page of their names — names and stories of the prisoners who suffered in just one political prison camp, in just one corner of the Gulag that I was permitted to visit on a December day one year ago.

It would take a huge library to hold all the names of all the captives in all the camps in all the frozen corners, through the decades. Most of them are free now, those who did not die.

Most, not all. There are still men in the camps, serving long sentences for saying the things Mr. Gorbachev says, or for trying to leave their own countries, a crime no longer a crime, or for talking with American diplomats in the days when that was treason.

Nobody outside the secret police knows how many still are in the political cells. The International League of Human Rights estimates 300. But each one is a living reproach to Mr. Gorbachev and all of us who forget them.

Some of the men and women once caged in Soviet political prisons were teachers and poets. But at least as many were boilermakers, carpenters and farm workers.

Now some of them are too weary to do more than just live, happy to be beyond the barbed wire.

But most of them keep fighting to push the boundaries of freedom further and wider, with their speeches and pamphlets and demonstrations. Most of all, they fight for what Mr. Gorbachev will not give them — the end of the Communist political monopoly, and eventually the end of all Communist political power.

Some of them see Mr. Gorbachev as their destined enemy. Others believe that he is too wise, knows too well that the Soviet system is going under, to allow himself to be washed away in the flood.

But in either case the dissidents are already on history's cover of the 1980s. And they will still be right there in 1999, with one more brave decade adding burnish to their names.

The New York Times.

OPINION

He'll Be Irkingly Popular For Suffocating Centrism

By William Safire

WASHINGTON — The originator of annual prognostication was Jonathan Swift, whose "Predictions for the Year 1708" confidently named "the most actions and events of next year particularly related, as they will come to pass. Written to prevent the people of England from being further impos'd on by vulgar almanack-makers."

The great satirist quit after the first year, not me. Guesswork in this space has become one of the hoariest journalistic traditions extant — 16 years of error, never a day of doubt — and events foretold here last year included the fall of the Berlin Wall. (Forget the credit to the crystal ball:

□

1. First Bush insider to find himself on the outside will be *(a)* John Sununu after his campaign to oust CIA chief William Webster backfires; *(b)* Agriculture Secretary Clayton Yeutter after scandals rock his Commodity Credit Corp.; *(c)* cuff-shooting Joseph Verner Reed after some protocol gaffe; *(d)* James Baker, after repeatedly slamming into the everlasting Gates.

2. Major White House problem will be *(a)* major shoot-out at credibility gap; *(b)* plunge in Bush popularity at alarming economic prospects; *(c)* Mr. Sununu's press ambush of the Fed's Alan Greenspan for worrying more about inflation than recession; *(d)* revelation of a secret deal at Malta; *(e)* John Poindexter's threatened tell-all book.

3. Democratic front-runner in the 1992 sweepstakes will be *(a)* Mario Cuomo, who will not run again for governor of New York; *(b)* the new mayor of Washington, Jesse Jackson; *(c)* Senator Bill Bradley, after abandoning the snore-inducing Third World debt; *(d)* ever-aging Senator Al Gore, heated by global warming; *(e)* Sam Nunn, already beating Wall Street bushes for financing.

4. Nonfiction stunner of the year will be *(a)* "What I Saw at the Revolution," by Peggy Noonan; *(b)* Helmut Schmidt's "Men in Power"; *(c)* "One by One by One: Facing the Holocaust," by Judith Miller; *(d)* "The Bible and Us," by Andrew Greeley and Jacob Neusner; *(e)* "My CIA Years," by Manuel Noriega.

5. Surprise best-selling novel will be *(a)* "Mayday Man," by William Beecher; *(b)* "When They Took Away the Man in the Moon," by Kate Lehrer; *(c)* "Gordon Liddy Is My Muse," far-out fiction by John Calvin Batchelor; *(d)* "Protect and Defend," by Jack Valenti.

6. Diplomatists concerned with the German Question will be muttering about *(a)* another Rapallo; *(b)* another Locarno; (c) another Tanroggen; (d) another Brest-Litovsk; *(e)* another Peace of Tilsit. (This is a hard one.)

7. The American economy *(a)* will boom at over 4 percent real growth, helped by a capital gains tax reduction; *(b)* will bust into recession by year's end, increasing the deficit; *(c)* will continue its rolling readjustment with regional recessions; *(d)* will be shaken by a stock market crash in Japan.

8. As superpower dominion lessens, *(a)* Poles and Germans will argue about the Oder-Neisse line; *(b)* Hungarians will demand a return of Transylvania from Romania; *(c)* anti-Communist Romanians and Bessarabians will demand Moldavia back from the Soviets; *(d)* Finns will agitate for the Soviets to return Karelia; *(e)* The New York Times will grimly continue to spell "Romania" with a "u."

9. The source of Mikhail Gorbachev's most job-threatening trouble will be *(a)* dissident Yuri Afanasyev; *(b)* Prime Minister Nikolai Ryzhkov; *(c)* populist Boris Yeltsin; *(d)* the KGB's Vladim Kryuchkov; *(e)* the Red Army's Ogarkov faction.

10. Best news of the year will be *(a)* the repeal of Article 6 of the Soviet constitution; *(b)* the emergence of moderate Palestinian leaders; *(c)* the reality of the peace dividend; *(d)* the winning of independence by the Baltic republics; *(e)* the quieting of legalizers by progress in the drug war.

11. Worst news of the year will be *(a)* the sobering realization that many superpower interests are still in conflict; *(b)* multibillion losses in federal credit and insurance programs beyond the S&Ls; *(c)* the Islamic bomb; *(d)* big Democratic gains in the Senate.

12. The big geopolitical headache will be *(a)* quick German reunification; *(b)* the rush to a START treaty to save a Gorbachev who may not be there; *(c)* suddenly expansionist Japan; *(d)* the Sino-Soviet conflict.

13. Conservatives will be sore at George Bush for *(a)* new taxes; *(b)* selling out Jonas Savimbi; *(c)* sticking them with the abortion issue; *(d)* dithering with Sandinistas; *(e)* abandoning SDI; *(f)* being so popular with his suffocating centrism.

□

If you don't play, you can't win; no sideline snickering allowed. My own picks are: *1 b, 2 b, 3 a, 4 c, 5 b, 6 a, 7 b, 8 e, 9 b, 10 d, 11 b, 12 a, 13 f.* I do this only to prevent you from being further impos'd on by vulgar almanack-makers.

The New York Times.

LETTERS TO THE EDITOR

Havel, People's President

"Of the people, by the people and for the people" never had a better application than in the choice of Vaclav Havel, a playwright, as the new president of Czechoslovakia. But let the people beware. The sharp reversal of a country from spiraling economic failure to peace and prosperity must be carefully monitored when placed in the hands of someone so lacking in political experience.

LAWRENCE R. GORDON.
Paris.

Some Things Are Priceless

I am beginning to despise some souvenir collectors. I was disgusted when, after the San Francisco earthquake, a man sold chunks of the damaged Candlestick Park for hundreds of dollars. Then I was speechless when a classified advertisement in the International Herald Tribune of Nov. 22 caught my eye: Berlin Wall for Sale.

How can anyone sell pieces of this wall? Many people were killed trying to climb over it to freedom. Someone may have been shot to death clinging to the pieces this person is selling. There are some things that may be sold and some that may not.

SHINTARO MIMURA.
Neuilly-sur-Seine, France.

Cold One-Upmanship

Regarding "The Anti-Anti-Communists Are in Parlous Condition" (Dec. 7):

George F. Will can't stand it that his conservatives don't get credit for winning the Cold War. This is merely the same one-upmanship of which the Cold War consisted. He neglects to understand that the Cold War was part of the same rhetoric he still so fervently propounds.

THOMAS C. HILDE.
Paris.

Still a Need for Mainframes

In response to "A Strategy Blueprint for IBM" (Business/Finance, Dec. 14):

Mainframe computers are hardly obsolete. We need personal computers to do word processing and spreadsheets, to go on the road with sales personnel, and to run games and handsome simulations at home. But mainframes and International Business Machines Corp., and minicomputers and Digital Equipment Corp., still flourish.

The reality is that mainframes do the massive information processing of society, and personal computers do word processing and hotel-room sales reports. Each kind of power has its place.

HERB GROSCH.
Mies, Switzerland.

Panama: More Puppetry?

Puppet regimes, whether in Kabul or in Panama City, do not dance to the people's tunes, they twitch to a foreign power's self-interested demands. Historically, they have ended violently.

Once again, America has sown not the seeds of democracy but the dragon's teeth of civil war. Prepare for Panamanian "boat people." Two wrongs never make a right.

NICHOLAS NUTTALL.
Gstaad, Switzerland.

Regarding "What Fell in Panama Was a Fool" (Dec. 23):

I agree with A. M. Rosenthal. I, too, hope to believe that there are no immune killers and no favorite fools. A pity Mr. Rosenthal forgot to mention Israel, where daily women and children are murdered by order of the state just because they have the courage to express their opinions in the streets.

RENE EHRSAM.
Uettligen, Switzerland.

A Step Toward Kindness

Regarding "Sure, It Looked Better on the Beast" (Meanwhile, Dec. 20):

Ellen Goodman accuses the anti-fur lobby of demanding moral perfection of everyone. This is not true.

Not wearing furs is a small step toward a kinder world. Yes, we are animals, too, but we also are human, with the ability to make conscious choices. And there is no reason for cruelly killing an animal just to wear its fur.

By demonstrating against furriers, activists are not threatening those who eat meat or wear leather. It's not a matter of all or nothing. Every little bit helps.

MARGARET FOX.
London.

Your Cat Is User-Friendly, But Never Call Him Tame

By George F. Will

WASHINGTON — I announced it and meant it: No cats. I am an austere father, deaf to the entreaties of children chafing beneath parental sovereignty. Well, deaf to the entreaties of small children. But then, there is Victoria, who is nine and perfect and has eyes that express entreaties in the most melting manner. She wanted a cat for Christmas.

Let me tell you about our cat.

Winston is white and, like Victoria, is alternately sweet and volatile, playful and somber — and lovely to look at. A cat does furnish a room. Like a graceful vase, a cat, even when motionless, seems to flow. But a cat also is a flawlessly designed killer.

MEANWHILE

It is lost in the mists of history, the moment when cats condescended to adopt people. From this transaction, cats got room and board. People got civilization.

Cats are carnivores that prey on vegetarians. When humans advanced from hunter-gatherers to tillers of soil, they needed cats. Agriculture, and hence everything else, depends upon storage of surpluses, and hence depends on control of mice and rats.

Small wonder Egyptians worshiped cats. Later, when Europe was swept by plagues, cats helped control rodents that were disease carriers.

Cats sleep more than other mammals — 16 hours a day, a few minutes ("cat naps") at a time — but even in deepest sleep their brains are as active as when they are awake, processing information. The stories of cats bolting from buildings just before earthquakes or volcanic eruptions are true. The myth of a feline "sixth sense" reflects the refinement of the five senses, including the ability to sense minute tremors and changes in air pressure.

Although there are about 500 million domestic cats in the world (and more strays than that), in a sense the phrase "domestic cat" is an oxymoron. The cat-and-mouse "game" of trap and release that a cat plays with a prey before killing it is rare in the wild. It is the behavior of cats with too few opportunities to express their instinct to kill.

However, cats kill for natural, ecologically rational reasons. That is more than can be said for mankind, which has made cats the focus of virulent superstitions. For centuries the Christian church encouraged the belief that cats were associated with — even were — witches. Some persons convicted of witchcraft were drowned in sacks full of cats. Among the festivities at the coronation of Queen Elizabeth I in 1558 was the burning of an effigy of the Pope — stuffed with live cats. Even in 19th century France, some Christian festivals included roasting baskets full of live cats, the ashes of which were considered sources of good luck.

J. C. Suares, who has written much about cats and recounts these and other atrocities (such as the celebration of Lent by tossing cats from the tops of cathedrals), wonders what in the nature of cats (dogs have no similar history) taunts humans to fury. The answer may be in the fact that Julius Caesar, Genghis Khan, Napoleon I and Mussolini hated cats, surely because cats are embodiments of independence. (It is said cats even purr to please themselves.)

But if solitariness and inscrutability arouse against cats the brute that sleeps lightly (when it sleeps) in mankind, those qualities make cats especially suitable companions for creative people, because creativity requires solitude.

Isaac Newton took time off from finding laws of physics to invent the "cat flap" that enables cats to avoid the ultimate cat horror, the closed door. Samuel Johnson took time off from dictionary-writing to shop for oysters for his cat Hodge. One of Charles Dickens's cats used his paw to snuff out Dickens's candle when the cat thought it was time to play.

Henry James, he of the feline subtlety of syntax, would sometimes write with a cat on his shoulder. Mark Twain, who, like Ernest Hemingway, kept cats (Hemingway as many as 30 at a time), believed that "if man could be crossed with the cat, it would improve man but deteriorate the cat."

As a cat fancier has written, your cat is undoubtedly the cleanest member of your household and the only one who eats no more than necessary.

And Winston is a user-friendly cat. In fact, too much so.

He and I need to come to an understanding about this practice of putting his nose on the nose of Victoria's father at 4 A.M., an act which, the day after Christmas, caused the iron to enter my soul: I now have three children, two dogs and a cat. That's it. No more. That's final. I am an immovable object: No more pets. Unless, of course, The Irresistible Force, aka Victoria, wants, say, a horse, in which case . . .

It is said that as long as little girls are interested in quadrupeds (horses are another of Victoria's passions), they are not apt to develop strong interests in bipeds of the boy variety. I plan to have cats and other pets for a while.

Washington Post Writers Group.

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GENERAL NEWS

Armed 'Boat People' Prepare for Battle

By Barbara Basler
New York Times Service

HONG KONG — With the next possible return of Vietnamese "boat people" expected within two weeks, Hong Kong officials have disclosed that refugees inside detention camps here have drawn up resistance plans that include setting fires, arming themselves with homemade weapons and taking hostages.

Officials got a preview of the opposition they may face when they tried to search a camp on an island near Hong Kong for weapons on Friday.

The Vietnamese there, fearing that they were being rounded up for repatriation, stoned the police, jammed the locks on the camp gates and set huge bonfires at both entrances.

A camp official said they continued to resist even when warned that the police "might be obliged to open fire on them."

Officials said Saturday that the Vietnamese began preparing to resist the police after the first repatriation on Dec. 12, a step that prompted wide international criticism.

Hong Kong, which has 56,000 Vietnamese, fewer than 13,000 of whom are considered refugees awaiting resettlement in a third country, hopes to repatriate tens of thousands over the next few years.

When the police arrived on Friday at the Chi Ma Wan camp, Vietnamese armed with knives made from metal bed slats lined up along the camp's wire fence, poking their weapons through the mesh.

Some hauled out pots of water and soaked towels and scarves to use as masks when the police threatened to use tear gas.

Officials said resistance was so fierce that before they could gain control of the camp and enter to conduct their search, scores of tear gas canisters were fired and hundreds of extra police were called in, some of them armed with shotguns.

The police said 14 Vietnamese and 26 guards and police officers were wounded.

A top official in charge of guarding the camp, I.K. Bhagat, said that once the weapons search was completed and the Vietnamese could see that no forced returns were planned, "life immediately returned to normal, everyone had their evening meals, children were running around playing."

A senior government official, who asked not to be named, said that the riots and resistance "changed nothing," and that the repatriations would continue. He said the authorities would simply seek out docile Vietnamese and leave "the tough nuts" for later.

In a news conference on Saturday, at which some of the 700 homemade weapons confiscated at the camp were displayed, Mr. Bhagat and Barry Deegan, a top police official, painted a dark picture of mounting resistance inside detention centers.

The Hong Kong government does not permit reporters inside the camps.

Mr. Deegan, deputy regional commander of the Royal Hong Kong Police Force, said that since the first group of relatively docile Vietnamese was sent home, there have been almost daily marches and demonstrations inside the detention centers and "tensions are high."

According to Mr. Bhagat, assistant commissioner of the Correctional Services Department, intelligence reports from inside Chi Ma Wan said that many of the 3,200 people there were "manufacturing a large number of weapons and storing them because of the fear they would be repatriated to Vietnam."

He added that the Vietnamese "said they would use these weapons against any forced repatriation."

The camp is normally patrolled by 15 to 24 prison guards, half of whom are women. Mr. Bhagat said the guards often saw the Vietnamese fashioning weapons but were afraid to take them away.

Relief workers and prison guards inside the camps have said that each night the Vietnamese go to sleep to the steady grinding sounds of metal being sharpened.

They said many Vietnamese now sleep in their shoes so they can run if the police come to send them back.

The first group of Vietnamese to be sent back to Hanoi against their will was made up of 51 "boat people," most of them women and children, who were put aboard a plane under heavy guard in a secret, middle-of-the-night operation.

Officials said that while more than 100 police and prison officers were involved in escorting the 51, no physical force was used and the operation went smoothly.

Vietnam, edgy and concerned about world opinion, has said it would accept Vietnamese who were made to return, but not if any physical force was used against them.

Relief officials Saturday said that distinction was clearly understood by the Vietnamese in camps here.

"They know now they have nothing to lose, and they are willing to fight," said a relief worker, who asked not to be named. "They are going to resist any way they can."

When the police finally took control of Chi Ma Wan and began a hut-to-hut search for weapons, they encountered "a large group of hysterical females" who were so upset they ripped off all their clothes.

The wailing and mass hysterics "proved so bad, we had to leave hut No. 7 and search it at the very last," Mr. Deegan said.

Hun Sen Says U.S. Arms Went to Khmer Rouge

By Robert Pear
New York Times Service

PHNOM PENH — Prime Minister Hun Sen has expressed concern that Khmer Rouge forces were coordinating military operations and strategy with non-Communist guerrilla armies supported by the United States, and that the Khmer Rouge had obtained weapons from these factions.

In an interview Sunday, Mr. Hun Sen also said that Khmer Rouge guerrillas had acquired U.S.-made anti-tank weapons from the non-Communist forces despite Washington's assertion that such arms transfers had not occurred.

The Cambodian government is fighting a tripartite coalition of the Communist Khmer Rouge and two non-Communist groups led by Prince Norodom Sihanouk and Son Sann, a former prime minister.

Mr. Hun Sen displayed M-16 rifles and grenade launchers that he said were seized in clashes from Khmer Rouge guerrillas. He said that the guerrillas had obtained them from Prince Sihanouk's army and that the weapons had been taken during fighting.

There was no way to independently verify the source of the weapons. Mr. Hun Sen did not say how many weapons the Khmer Rouge had procured from Prince Sihanouk's forces.

Cambodian officials and foreign diplomats said that the war was confined mainly to three provinces along the border with Thailand and that it appeared to be at an impasse.

In another development, Mr. Hun Sen said that Cambodia would hold national elections by early 1991 regardless of whether the government reaches a negotiated political settlement with the guerrilla forces.

The prime minister added that he hoped to achieve a political settlement to the war so the United Nations could send officials to Cambodia to "organize the elections."

Opposition candidates, including Prince Sihanouk, could then take part in the elections, he said.

In the absence of a political solution, Mr. Hun Sen said, Cambodia plans to organize elections and to invite international observers to monitor the vote.

Mr. Hun Sen's comments were the most explicit statement by any Cambodian official of the government's intention to hold elections that would be monitored by international observers.

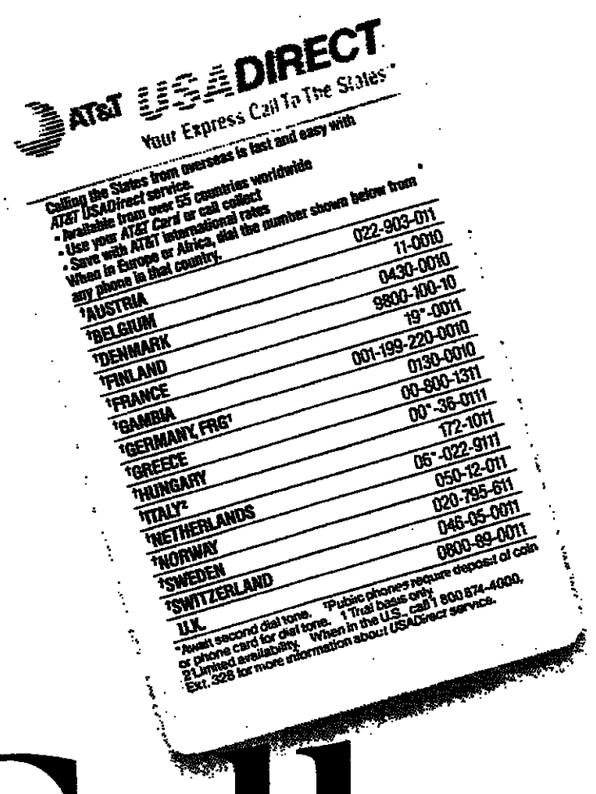
General Peng Path, a deputy minister of defense, said in an interview that the tactics of the Khmer Rouge were more clever and sophisticated than those of the non-Communist factions.

The Khmer Rouge forces, led by Pol Pot, save their ammunition and send infiltrators deep into Cambodia while allowing the non-Communist forces to attack government positions near the border, he said.

If the guerrilla coalition begins to prevail, the Khmer Rouge would be the first to arrive in Phnom Penh and would be in a better position to seize power, he added.

"The most dangerous enemy is Pol Pot," he said. Compared with the non-Communist factions, he added, "the Khmer Rouge is more patient, more persistent."

He said, "U.S. arms that were provided to the other side could not fail to fall into the hands of the Khmer Rouge."



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Shamir Rejects Attempt To Heal Cabinet Rift Over Contact With PLO

Reuters

JERUSALEM — Prime Minister Yitzhak Shamir rejected Monday an attempt to save Israel's coalition from collapse over his dismissal of Science Minister Ezer Weizman for contacts with the Palestine Liberation Organization.

A self-appointed mediator, Rabbi Yitzhak Peretz, leader of the religious party Shas, said he failed to close the gap in talks with Mr. Shamir and leaders of the Labor Party, to which Mr. Weizman belongs.

"It is hard to say I see a way out," Rabbi Peretz said.

The dismissal takes effect at 1 p.m. on Tuesday.

Asked if Mr. Shamir would accept a compromise, his bureau chief Yossi Ahimeir said: "Not at all."

One formula would be for Mr. Weizman to remain in the government but be stripped of his science portfolio and membership in the decision-making inner cabinet.

■ Angry Cabinet Debate

Earlier, Jackson Diehl of The Washington Post reported from Jerusalem:

Mr. Shamir's surprise move came as his cabinet conducted an acrimonious debate over a demonstration in Jerusalem on Saturday by at least 15,000 Israelis. Palestinians and Europeans supporting negotiations with the PLO and creation of a Palestinian state.

The protest around Jerusalem's Old City walls infuriated members of Mr. Shamir's rightist Likud Party, while leftist organizers charged that police used excessive force in dispersing it.

Mr. Weizman, 65, a former air force commander who played a key role in the negotiation of the Camp David peace accords between Israel and Egypt, was not formally involved in the demonstration but has repeatedly advocated negotiations with the PLO in recent months.

Mr. Shamir charged that Mr. Weizman violated government policy and Israeli law by establishing "direct and indirect talks with the PLO," including a personal meeting with a PLO representative in a European capital and a recent exchange of messages with its chairman, Yasser Arafat.

"Weizman even admitted that he had acted in this way, even though he knew he was committing an offense," Mr. Shamir said on television. "I did not make this decision lightly. But this time the issue went to the basis of Israel's political stand, and Weizman was undermining the government's policy."

In a letter to Mr. Shamir, the Labor Party leader, Shimon Peres, responded that according to the coalition agreement between Likud and Labor, Mr. Shamir had no authority to fire Mr. Weizman without the agreement of Mr. Peres, and accused the prime minister of abusing his position.

Political observers predicted the dispute would prompt another in a series of crises in the cabinet, which was formed a little over a year ago following inconclusive general elections.

The Labor Party has been threatening to leave the government for months because of Mr. Shamir's resistance to organizing negotiations with Palestinians about a peace plan. Both major parties have been seeking the support of small religious parties that might allow them to form a government if the coalition collapses.

Mr. Weizman told Israeli radio that Mr. Shamir's move was a positive development, because it would force Labor and Likud to decide their future paths.

"We should say straight out we are going for negotiations with the Palestinians," Mr. Weizman said, adding that a number of government ministers, including Mr. Shamir, had also met "PLO figures."

Israeli commentators speculated that Mr. Shamir decided to attack Mr. Weizman now in part to recoup from the past three days of demonstrations by the Time for Peace initiative, which drew international attention and ended with the largest pro-Palestinian march held in recent years.

A Shamir aide said the move would bolster the prime minister's position because "now everybody can see that Shamir is clearly the boss."

Officials in Mr. Shamir's office said his move puts Labor in a difficult position. Mr. Weizman, a political maverick, is not popular in the Labor Party, which rejects his support of talks with the PLO.

Referring to this point, Mr. Shamir argued in his television address that Labor should dissociate itself from Mr. Weizman and remain in the government.

Mr. Shamir did not spell out the contacts between Mr. Weizman and the PLO, but his aides said Mr. Weizman did not deny in Sunday's cabinet meeting that he had met with PLO representatives and exchanged messages with Mr. Arafat through intermediaries.

During the meeting, several Likud ministers assailed what they said was the involvement of the PLO in Saturday's demonstration. They said some of the 1,300 visiting Europeans who participated had met with PLO representatives before leaving Europe, and that the PLO's underground organization here helped plan the event.

Peace activists accused Jerusalem police of brutality for their attacks on the crowd.

The police fired rubber bullets, tear gas and water cannon, injuring at least 25 people. Police said they were provoked by demonstrators.

Greg English/The Associated Press

Marin Sorescu, the Romanian poet: 'The most dangerous things were the death threats.'

What's Romanian for 'Free'?

Intelligentsia at a Loss for Words to Describe Life Now

By Celestine Bohlen
New York Times Service

BUCHAREST — Romanian intellectuals, writers and artists have emerged from long decades spent in the darkness of the Ceausescu regime to find themselves groping for words.

The revolution, several said in interviews, was almost blinding in its heat and light — "like the process of inspiration itself," a major writer said.

Miron Georgescu, a poet with a metaphysical bent, was working on a metaphor to describe the spontaneity and intensity of the crowds in Bucharest's streets when the government was overthrown when his friend, Elena Urdareanu-Herta, an artist, interrupted.

"It was," she said, "a miracle."

Now that it is over, Romania's *intelligentsia is surveying the* wreckage wrought by a government that, more than any other in Eastern Europe, was set on hammering free thinkers into submission.

The Romanian Writers' Union met last week and, in a reversal of fortunes, elected as its leader the poet Mircea Dinescu, one of the country's few outspoken dissidents, whose works had once been banned.

Now recast, the Writers' Union will be divorced from the state and will become a professional organization, like "a society of surgeons," a writer said.

As in other revolutions, this one has produced a rash of people eager to call themselves secret dissidents, even among those who served the old government and enjoyed its privileges.

But others have been quick to spot the hypocrites, and in one case stopped one of Nicolae Ceausescu's court poets from rushing into print with poems praising the revolution.

Another writer with a similar past was followed last week by a crowd of jeering students.

Now that the controls are off, tales about the sometimes vicious, sometimes absurd repression of intellectuals can be told openly.

For example, censors scanned titles of pictures for religious meaning. A painting titled "Supper" was changed to "Symposium" to avoid any hint of the Last Supper.

Ironic verse was carefully scrutinized for sly jokes against the government.

In this context of continuous *repression, even horror stories* seem matter-of-fact.

Marin Sorescu, a leading poet and editor of a literary journal, sat in his small house, surrounded by books, icons and pictures, describing the travails of the now-gone era — the censorship, the mutilation of his poetry and plays, the restrictions on foreign travel and the pressure to put his name to paeans to the dictator and his wife, Elena.

"*But the most dangerous* things were the death threats — telephone calls, letters, warnings by so-called well-intentioned people — really members of the Securitate," he said.

"The idea was to drive me to suicide, to leave the country or to stop writing."

The persecution of Mr. Sorescu became serious in 1982 when his name came up during a campaign by the Securitate, Mr. Ceausescu's secret police, against people who practice transcendental meditation.

Mr. Sorescu was not involved in the movement, but after an autographed book of his poetry was found in the possession of one of the Securitate's targets, he, too, was hounded.

He later learned that a Securitate psychologist had diagnosed him as having a "tendency toward manic degradation of socialism."

But the persecution did not stop Mr. Sorescu.

"On the contrary, it gave me energy," he said. "In these conditions, writing was a form of breathing."

Ms. Urdareanu-Herta had ducked the pressures that led *many artists here to take part in* the regime's projects.

"There were some who had to play in these stupid games, because they had to earn money," she said. "And so they had to work in this criminal palace" — a reference to a grandiose building built at the end of Victory of Socialism Boulevard — "designing door knobs."

"In the last year, especially the last two, the fine arts were annihilated," she said. "Those who did not participate in these dishonest projects were put on the margins of artistic life."

The system succeeded in favoring the worst over the best, Mr. Georgescu said.

"The kitsch they were required to produce had to be perfect — in other words, miserable," he said.

A Kremlin Nod to Bucharest

Washington Post Service

BUCHAREST — The Soviet foreign minister, Eduard A. Shevardnadze, will visit Romania this week in a symbolic display of Kremlin support for the new revolutionary government and of concern over possible instability in the Soviet Union's sensitive border region with Romania.

The announcement said that Mr. Shevardnadze would come to Bucharest on Friday or Saturday.

While the Soviet leadership had little sympathy for President Nicolae Ceausescu, a Warsaw Pact maverick, the virtual collapse of communism in Romania in less than 10 days has confronted the Kremlin with a major ideological setback. It also has raised the prospect of a resurgence of Romanian nationalism in the southwestern Soviet republic of Moldavia, which was taken from Romania in 1940.

As long as Mr. Ceausescu was in power in Bucharest, the 4.2 million people of Moldavia, most of whom are ethnic Romanians, had little incentive to demand reunification with Romania: living conditions were preferable on the Soviet side of the border. But this situation could change if there is significant political liberalization in Romania.

Mr. Shevardnadze will be the second senior Warsaw Pact official to visit Bucharest since the people's uprising that drove Mr. Ceausescu from power on Dec. 22. The Hungarian foreign minister, Gyula Horn, visited Bucharest last week to reassure Romanians that Hungary welcomed the downfall of Mr. Ceausescu and would not press for the return of areas of Transylvania inhabited by ethnic Hungarians.

Apart from improvements in relations with Hungary, which became strained over the past few years because of Romania's mistreatment of the country's Hungarian minority, Romanian foreign policy is unlikely to undergo major changes, according to senior government officials. Although nominally a member of the Soviet-led Warsaw Pact military alliance, Romania has not allowed the stationing of Soviet troops on its soil.

The Soviet Union was among the first countries to recognize the new National Salvation Front as Romania's legitimate government following Mr. Ceausescu's overthrow.

—MICHAEL DOBBS

ROMANIA: *Liberalization*

(Continued from page 1)

that it would make agriculture a priority.

■ 'Just Punishment'

Mr. Iliescu warned that those found guilty of what he termed terrorist crimes would receive "just punishment," news agencies reported from Bucharest.

This was regarded as a reference to the Securitate.

Hungarian television reported, meanwhile, that an assailant stabbed Nicu Ceausescu, the son of the dictator, after he appeared on Romanian television Dec. 22.

The assailant, whom it did not identify, was arrested and Nicu Ceausescu underwent a successful operation for a stomach wound, the *television said.*

The five-day workweek will begin in March, Mr. Iliescu said. Romanians have been required to work six days a week and often on Sundays, too.

The decree establishing conditions for a multiparty system said people were free to establish political parties except for fascist parties and parties promoting ideas "at variance with the state and legal order in Romania." Free elections have been promised in April.

Discussing the economic situation of the country, Mr. Iliescu cited recent measures to halt the export of agricultural products and to increase the consumption of gas and electricity, which were harshly rationed under the former dictatorship.

He said that Romania would begin to import its most urgently needed consumer goods.

He also announced that a series of costly projects "due to the sick megalomania of Ceausescu have been canceled." They included a canal along the Arges River, a facility in the Black Sea port of Constanta and the House of the Republic in Bucharest.

"The money thus saved will be spent to rebuild buildings destroyed in fighting during the revolution," he said. *(AFP, UPI, AP)*

POWERS: *A Meeting of Minds*

(Continued from page 1)

change. The Bush administration has sought to do whatever it could to facilitate and support this change, without embarrassing or endangering Mr. Gorbachev.

Mr. Shevardnadze told Mr. Baker on July 29, when they met in Paris, that the Soviet Union would not use force to stop change in East Europe. He repeated the statement in a private conversation on Mr. Baker's airplane on the way to Jackson Hole, a State Department official said. Mr. Gorbachev said the same thing to Mr. Bush at Malta, according to U.S. accounts.

U.S. officials who took part in the Malta talks summed up the U.S.-Soviet understandings there on East Europe in several points:

- Mr. Bush and Mr. Gorbachev agreed "that the continued evolution in Eastern Europe should be through peaceful change."
- Mr. Bush assured Mr. Gorbachev that "we have no desire to take unilateral advantage of the situation." The president said he hoped Mr. Gorbachev noticed that the United States was not "making a victory march" out of the developments.
- The two leaders agreed that "this should be a step-by-step process," although there was a recognition that even the two superpowers could not dictate how or when things happen. Mr. Gorbachev expressed his concern about the quick pace of events, especially in East Germany, and said neither side should do anything to accelerate the pace. Two days after Malta, Mr. Bush said publicly of the situation in East Germany, "I am not trying to accelerate that process. I don't think our allies are."
- There was disagreement, although couched in moderate terms, about the future of the Germanys, with Mr. Bush expressing his confidence in German self-determination without prescribing limits and Mr. Gorbachev insisting that in current circumstances there must be two separate German states. Several U.S. officials said that, for them, the main significance of Mr. Gorbachev's remarks and later statements by Mr. Shevardnadze is that the Soviets are not saying "never" to German reunification — they are saying, "not now."

At Malta, Mr. Gorbachev called for NATO and the Warsaw Pact to be preserved rather than abandoned and converted to political rather than primarily military organs. In Europe a few days later, Mr. Baker made a similar proposal.

A White House declaration several months ago triumphantly suggested a U.S. desire to see Soviet troops quickly leave that country. Moscow signaled its displeasure, and the statement was not repeated.

Prior to Jackson Hole, Mr. Gorbachev suggested a meeting of NATO and Warsaw Pact foreign ministers early this year to give *impetus to the East-West negotia*tions on reducing conventional arms in Europe. With Mr. Baker's approval, the meeting will take place in February in Ottawa, and its original "open skies" agenda is being expanded to include the conventional arms talks.

U.S.-Soviet consultations will expand further in the next six months in preparation for the full-scale Bush-Gorbachev meeting in the United States in June. Mr. Baker will take another step in this direction by going to Moscow early next month to see Mr. Gorbachev and Mr. Shevardnadze.

PLAN: *China's Rejection*

(Continued from page 1)

Hong Kong citizens by providing an alternative residence should they want to emigrate after China assumes control of the colony.

China's position for many months before the announcement and in the interim until Saturday was that the plan was a British decision on which it had no grounds to comment. Because Beijing was believed to be as concerned as London with rebuilding confidence in Hong Kong, the severity of its criticism was as much a surprise as the attack itself.

On Chinese television on Sunday, Jiang Zemin, the Communist Party chairman, affirmed Beijing's determination to recover sovereignty over Hong Kong and neighboring Macao, which is governed by Portugal. He said both cases are among the party's central tasks in the coming decade.

Meanwhile, several thousand people backing democracy and *condemning communism in China* demonstrated Monday in Hong Kong outside the building housing the Xinhua agency. Xinhua acts as Beijing's unofficial consulate in the colony.

The demonstration by as many as 10,000 was the largest rally for months in Hong Kong. The demonstrators also voiced support for the overthrow of Communist governments in Eastern Europe.

Confidence in Hong Kong's future under Chinese control, after sliding slowly since the joint declaration was signed in 1984, dropped dramatically after the violent crackdown on pro-democracy demonstrators in Beijing in June.

"We now face a serious depletion of key people in numbers we can't afford to lose," said Donald Tsang, Hong Kong's director of administrative services. "We've determined that Hong Kong's interests lie in fighting for a nationality package, and that's what we intend to do."

The Chinese reaction to the British plan was met with widespread public confusion as to why Beijing would make such a clearly antagonistic move.

Legal sources said that the Chinese position was based on a "poor point of law," as one put it, and probably reflected increasing political tensions since the violent overthrow of the Ceausescu government in Romania on Dec. 22.

In memoranda attached to the joint declaration, Britain agreed that British overseas citizens, as most Hong Kong residents are classified, would become Chinese nationals in 1997. But there is no restriction on Britain's right to confer citizenship before that date.

Some Hong Kong officials speculated privately that since China was determined to ignore international criticisms of its crackdown on the democracy movement, it also intended to avoid acknowledgment of the unease those events caused in Hong Kong by ignoring the crisis of confidence there.

"China has done nothing since June that could in any way be taken as trying to calm the Hong Kong situation," said Martin Lee, a leading liberal legislator. "I don't believe the Chinese are any longer concerned with the territory's prosperity and stability. They only want to control it now, and that's a major blow."

PANAMA: *U.S. Officials Struggle to Explain Raid Against Nicaragua's Ambassador*

(Continued from page 1)

guan ambassador was at a different address.

"Based on this information that the house was not covered by diplomatic immunity, the commander on the scene informed Mr. Ferrey he had received authorization to search the house and intended to do so," Colonel Sconyers said.

A key point of confusion was whether the troops had seen a white Nicaraguan Embassy shield hanging prominently by the front door.

The U.S. embassy official at first said the house had "no outward identification" to suggest it was the ambassador's residence. When reporters described the oval shield, the official then said it was possible that the troops had not seen or recognized it.

Mr. Ferrey said that about 100 soldiers drove up in at least nine armored vehicles about 5:30 P.M., when he was still at the embassy.

He added that the soldiers asked his family for permission to search the house. Family members then called him, and in turn he contacted officials in Managua before returning to his residence.

Mr. Ferrey said he showed his diplomatic credential to troops guarding the road near the house who then let him pass, indicating that they had accepted his diplomatic status.

At the house, Mr. Ferrey said, he told the troops that he was the ambassador and that the house was under diplomatic immunity.

But the soldiers asked him to show a passport in addition to his diplomatic credential. Mr. Ferrey said he asked to send a driver to retrieve the passport from the Nicaraguan Embassy, but that the troops refused.

"I said repeatedly that they couldn't enter," he said. "I asked to speak to the U.S. ambassador on five occasions, but they wouldn't let me."

Ordered to tell his family to come out of the house with their hands in the air because the troops would enter in two minutes, Mr. Ferrey said he had refused.

"I told them they would come out not like prisoners but like normal people," he said, adding that they had done so.

The U.S. Embassy official earlier said that the ambassador had not been home when the troops entered the house. Told by reporters that Mr. Ferrey said he had been present and had identified himself, the official said that if that were true, "then I think we have a double apology to make."

■ Incident Is Played Down

Thomas L. Friedman of The New York Times reported from Washington:

When Mr. Fitzwater was asked by reporters in Houston whether the president was upset by the way U.S. troops ransacked the residence in search of weapons, he repeated: "We support the military. We support the military."

Despite the official expression of regret, administration officials did not express the same sentiment in private. Their attitude appeared to be that the fact that even a small cache of weapons was uncovered justified the entry, even if it was a mistake and in contravention of rules governing diplomatic immunity.

At the same time, because administration officials feel that the intervention in Panama has been both successful and popular, they evidently prefer to brush off such incidents as minor glitches that will soon be forgotten.

Still, the diplomatic violation comes after a separate dispute with the Vatican, created when U.S. troops surrounded the papal nuncio's residence in Panama City, where the deposed Panamanian dictator, General Manuel Antonio Noriega, has sought asylum.

For three days, the soldiers blared rock music at the residence in an attempt to taunt General Noriega. After repeated complaints from the Vatican, the troops turned down the volume late Friday afternoon and then turned the music off Saturday morning.

The two incidents raise questions about the degree of control the administration is exercising over the Southern Command and the degree of control that the command is exercising over its troops.

Just when the administration should be savoring what it considers a success in Panama, troops there continue to generate what U.S. officials call the "wrong kind of news."

This could explain why Mr. Bush tried Saturday to play down any friction with the Vatican.

"They don't want troubled relations with us, and we don't want troubled relations with them," he said. "It's time to cool it on both sides."

Israelis Defuse Letter Bombs

Reuters

JERUSALEM — Israel defused 10 letter bombs sent from Cyprus recently, the police said Monday. Israel Radio said some of the letter bombs smelled of alcohol, almond paste or almonds and were addressed to Christian leaders in Israel. The police refused to comment on the report.

HAVEL: *Partial Amnesty Ordered*

(Continued from page 1)

continuing a shake-up that began after the Nov. 17 demonstrations.

Mr. Havel, whose values were forged during more than five years of imprisonment for refusing to surrender his conscience to the dictates of the Communist state, said that he would be "a president that would speak less but work harder, who will be permanently present among his fellow citizens and listen to them well."

He also told Czechoslovaks that the hard work of making sure freedom lasted had only just begun, like the cleanup of champagne bottles and broken streamers from Wenceslas Square in the center of Prague that began Monday morning.

The cobblestones had been wet with champagne Sunday night as tens of thousands of people came out to celebrate the new year with whatever beverage came to hand, often sparkling wine made in the Soviet Union.

People embraced on the square, firecrackers exploded in noisy salutes and the crowd broke into song as night fell at the end of a year that had also brought new freedom to Poland, Hungary, East Germany and Romania.

The celebrations turned more solemn and dignified Monday as church bells rang in the medieval towers and baroque domes of the city.

On Monday night, Mr. Havel and his wife attended a concert of Dvorak's "Slavonic Dances" in the Municipal Building where the independence of Czechoslovakia was first proclaimed in 1918. They sat in the presidential box.

"Everywhere in the world," Mr. Havel said during his nationally televised address early Monday afternoon, "people were surprised at how these malleable, humiliated, cynical citizens of Czechoslovakia, who seemingly believed in nothing, found the tremendous strength to cast off the totalitarian system within a few weeks, in an entirely peaceful and dignified manner."

"Humanistic and democratic tradition slept on after all somewhere in the unconscious of our nation and national minorities," he added. "But Czechoslovakia also owed its freedom to the courage of those in the Soviet Union, East Germany, Hungary and Poland who had fought for theirs."

"All human suffering concerns each human being," he said. He added that without the recent political changes in the Soviet Union, Czechoslovakia's revolution would have suffered the same fate as the Prague Spring in 1968, when democratic change was cut short by a Soviet-led Warsaw Pact invasion.

LATIN AMERICA

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LONDON, FEBRUARY 22 - 23, 1990.

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So Long

By Jean Rafferty

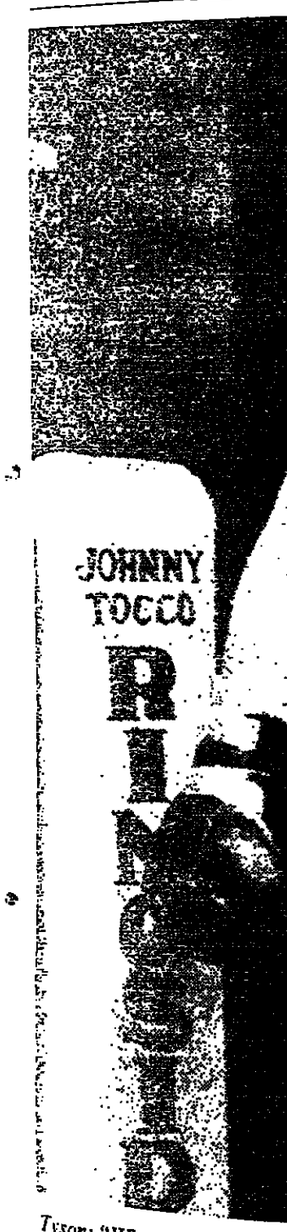
GOODBYE to the extravagant Eighties and greed. Welcome to the nicer Nineties, where grabbing and getting will yield to goodness and saving the world. The lifestyle of the new decade will be defined by ethics and environment: integrity and internationalism; family and health, not wealth; compassion, consideration and sincerity, but also Surrealism and spiritualism. Or so suggest some style setters — a selection of artists and architects, chroniclers and consultants, designers, editors and producers from around the world, who almost unanimously see utopia on the horizon.

Glitz is going, to be replaced by the inner glow that comes from all that decency and proper eating. Such dinosaurian concepts as good taste, possibly even good manners, and such lost causes as Esperanto and royal restorations are up for revival. The Dinkies (double-income, no kids) who reigned over the Eighties will disappear. The child, as already is apparent in advertising campaigns, is the indispensable fashion accessory of the turn of the decade.

BRITAIN: "There is an acknowledged baby boom on here," says the London-based cultural consultant and art show producer Garth Hall. British tots were once kept in the nursery until they came of age. Now, Hall says, "you go to 192 [a trendy Notting Hill restaurant run by the management of the media mecca Groucho Club] and it's full of babies. People of all generations seem to be having them."

Nineties consumption, he says, will be not conspicuous, but concerned. "We'll be buying, consuming and disposing of less. The

STYLE MAKERS



Tyson: "When I look in the

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Style

So Long to Greed and Glitz, Here Comes Good Taste Again

By Jean-Rafferty

GOODBYE to the extravagant Eighties and greed. Welcome to the nicer Nineties, where grabbing and getting will yield to goodness and saving the world. The lifestyle of the new decade will be defined by ethics and environment; integrity and internationalism; family and health, not wealth; compassion, consideration and sincerity, but also Surrealism and spiritualism. Or so suggest some style setters — a selection of artists and architects, chroniclers and consultants, designers, editors and producers from around the world, who almost unanimously see utopia on the horizon.

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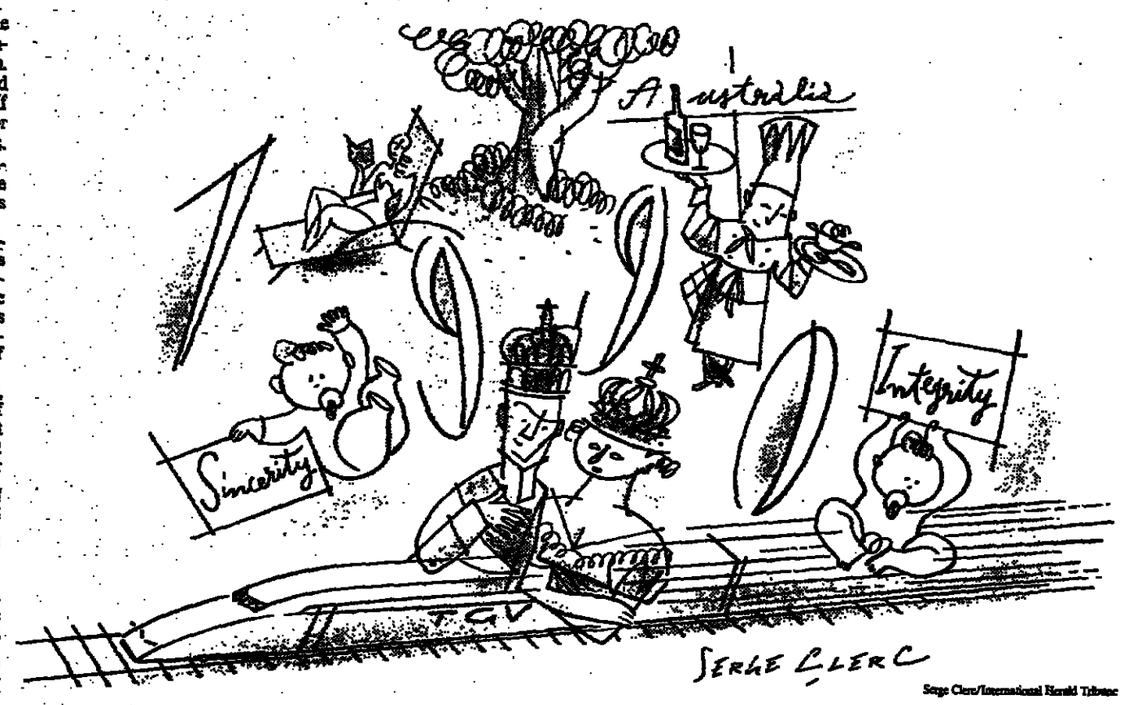
Nineties consumption, he says, will be not conspicuous, but concerned. "We'll be buying, consuming and disposing of less. The Eighties was about money. The Nineties will be about integrity, environment and personal health. The health scares and poisoned food have people concerned." If that sounds tame, we can look for excitement in communications. "People are talking about spiritualism," Hall reports. "The fax will be stone age by the end of the Nineties as telepathy is harnessed."

Overexposure may have siphoned off some of the monarchy's mystique, but old Eastern European crowns are being dusted off. The chances of multiple restorations gleam brightly to Harold Brooks-Baker, publishing director of Burke's Peerage.

He cites Otto von Habsburg, eldest son of the last monarch of Austria-Hungary and a current deputy to the European Parliament from Bavaria. "He is very popular in Austria. In an unofficial poll, over 70 percent said they would love to have him as head of state." In Hungary "there is considerable interest in him as president. He could become president and then, like Napoléon III, accept the throne." Michael of Romania, "the only king to have reigned two years under a Communist regime," is reportedly ready to return as head of a constitutional monarchy. Another candidate for restoration is Constantine of Greece. "His chances improve daily," Brooks-Baker says.

UNITED STATES: "Integrity? Absolutely," says Julian Schnabel, whose Neoexpressionism painted over shattered broken ceramic plates was one of the art successes of the Eighties. "We need a new generosity of spirit, a sense of responsibility about ecology and a focus on world health. I'm very optimistic. I've noticed a community of people who have their heads and hearts screwed on right."



Serge Clerc/International Herald Tribune

There were galas galore as the Belle Epoque whizzed away the last days of the 19th century, but the uproar that followed Malcolm Forbes's prodigal birthday bash in Morocco means that in the Nineties you flaunt at your own risk.

The glitz may be going, but it is not gone yet. "If all that lavish jewelry and huge stones dripping on the model's shoulders in the ads is the new understated look, it hasn't happened yet," says Joan Kron, editor of Avenue magazine. She thinks ostentation will die a lingering death. "People won't stop giving parties, they just won't invite the press." But she sees a renaissance of that almost extinct attribute, good taste. "More people are educated to art and design," she says. "I'd say the Nineties will see the spread of taste. It's the only thing when all is said and done that differentiates people."

Internationalism has even struck Hollywood. "The movies of the Nineties will transcend national barriers and be designed for international audiences," according to Carolyn Pfeiffer, independent producer for Alive Films and Universal Studios. "Two years ago, possible foreign revenues of American pictures were not more than 40 percent. Now they can represent 60 percent. The studios are opening offices in Europe and trying to buy into European studios so they won't be shut out in 1992."

ITALY: Less will be more in Milan, too. "It's very difficult to decorate with antiques and great art now," the designer Piero Pinto says. "Those who have antiques, have them. More can't be found." So young people want a new simplicity. "Fewer objects, cleaner decor. It's very casual now, which causes disorder and makes people lazy. Who will clean it up brings a reaction of not buying so many things."

FRANCE: "The Nineties will be years of honesty and quality in both materials and morals," says Philippe Starck, the French superstar designer and urbanist. He forecasts a "Dada-style architecture where every building becomes a Surrealist object and cities become chessboards where each piece brings a new emotion."

"Nineties style will be vacation style," affirms the country's most famous model, Inès de La Fressange, recently liberated from her contract as the symbol of Chanel. She predicts longer vacations in a country where the holiday is already a fine art. "There will be a movement to work only half a day," she says, and "working for women will become démodé."

"Europe will become a vast urban neighborhood," says Roger Tallon, designer of France's newest high speed train, the TGV Atlantique. "People will take the TGV like they take the Métro."

AUSTRALIA: Even in this land of fast money and flamboyant millionaires, whose population of 15 million barely makes an impression its land mass, greed is out and a preoccupation with protecting the environment and preserving the historical past is in. "Style? I don't think there's going to be very much of it about," says the gastronomy and lifestyle chronicler Leo Schofield, who writes a widely read column in the Sydney Morning Herald column. "The economy is tight. Everyone is going to be circumspect about flashing it around."

SPAIN: Spanish style leaped to center stage at the turn of the decade. Javier Mariscal, the designer whose comic puppy drawing is the mascot of the 1992 Barcelona Olympics, says, "The Eighties saw the grand recapitulation of all the styles of the preceding century. In the Nineties, a new style will be born, the style of the fin de siècle."

GERMANY: "The week the wall came tumbling down, we were photographing with East Berlin stylists," says Christa Dowling, editor of a new West German women's magazine, Outfit. "Out of a void, with no fantastic fabrics or materials, these young creative people's imagination was bottomless. Like a highly trained horse kept in rein for 40 years, East German creativity will be let loose to explode in Europe in the Nineties." Outfit, aimed at the woman over 30, is subtitled the "Magazine of the European."

THE NETHERLANDS: A precursor of the effect of the Eastern European talent to come is the Czechoslovak-born, Amsterdam-based designer Borek Sipek. He is an exponent of what he calls "the new direction in design, internationalism." His collection of glass vases was designed in Cairo, Tokyo, Prague, Nancy, France, Mexico and India.

JAPAN: Renowned for its rigor and minimalism, Japanese design also has a sense of humor. Shiro Kuramata designs whimsical furniture, like a curvy chest of drawers that looks slightly tipsy and plexiglass chairs embedded with flowers. Japanese style in the Nineties? "Japan is a country that compromises dichotomic ideas — cosmos and chaos, Western way of life and Japanese traditions — without any contradiction," says Kuramata. "It is like a tide of water that swallows every single thing and looks like one perfect harmony. Though we import rice, our traditional staple food, from California, "Edomae [Tokyo-style] sushi" will still prosper." The architect Fumihiko Maki further illustrates the paradox. His metal-clad, steel-structured visual arts center designed for San Francisco will echo the materials of an engineer marked stamped the end of the last century: Gustave Eiffel.

STYLE MAKERS

The Associated Press

Tyson: "When I look in the mirror, it's not Mr. Black America I see."

Rough Trade

IRON MIKE TYSON

THE knockout is pro sport's orgasm, the touchdown, slam dunk, and home run trumped, and the millionaire across the page is this century's all-time champion at delivering it. Technology hasn't measured his per-pound thrust yet, but the raw evidence he presents a couple of times a year inevitably convinces skeptics: Sterling Benjamin, TKO 1 ("I hit him with my sledgehammer!"); Jesse Ferguson, KO 6 ("I try to catch them on the tip of the nose to drive the bone into the brain"); Tyrell Biggs, TKO 7 ("I coulda stopped him in the third but I wanted to punish him; he was crying like a girl"). Only four of Mike Tyson's 37 opponents have avoided being concussed by him, and they did so ignobly, grabbing and holding like old people drowning. It's Tyson's contempt for these victims, his joy at their fear and pain more than his big punch, that makes him classic. Like Grendel or Quasimodo, he's intimate with fear and pain: "They're like old friends," he says.

Out of the ring his impact is ambiguous. When he's angry — as he often is with reporters — his eyes glitter like buckshot; he looms, even though at five-eleven, 215 pounds, he's small for a heavyweight; he cocks his head to the side to listen, as animals do, and he fixes your eyes when he replies, engaging you in a way that penetrates even the rinds of old sportswriters, the mayonnaise of TV chatter; his voice is a soft lisp, a yearning curve launched around two gold front teeth: "When I wath a peewee in Brownsville," he confides, "they used to call me 'little fairy boy.'" He cocks his head to see if you got it. He grins like a malevolent 12-year-old.

Gender-conflicted then, his brutality is also studied. His late mentors, Cus D'Amato and Jimmy Jacobs, men with a certain affection for tough guys (they'd got Mike from the Tryon School for Boys, where he was serving an indeterminate sentence for committing 38 muggings in 12 months), inundated their young charge with images of old fighters. Tyson, overweight, withdrawn, ugly, and poor, tacked photos of Battling Nelson, Ad Wolgast, Stanley Ketchel, and Jack Johnson on his bedroom walls, instead of Dave Winfield, Muhammad Ali, or Diana Ross. He saw himself as a throwback, modeling his white-sidewall haircut on Jack Dempsey's; his solid black trunks and sockless black shoes belonged to Nelson; his gold teeth were modest revisions of Johnson's diamond ones. It was as if a dive into historical hubris was necessary to render a pure ghetto kid ready for prime time, and yet Tyson stood resolutely outside the media, glaring in.

His homeboy relationship with promoter Don King thus follows as logically as a felony follows a misdemeanor. Both were hoods, King having done hard time for first-degree manslaughter in the days before he conned Muhammad Ali with xenophobic pleas for black solidarity; the same hustle worked on Tyson, who was reeling from his tabloid marriage to an adventuress and her built-in mom ("Those women are crazy," said Michael Jordan, who knew them well). In place of D'Amato and Jacobs's verdant Catskill idyll, King offered Vegas; instead of their Boy Scout code of right and wrong, he flaunted a cynicism comic in its brazenness, his electric-shock hair as much a symbol of lowered American expectations as McDonald's golden arches are.

And so Tyson, at 23, has found blood brotherhood if not comfort as he slouches toward maturity, his snow-white shirts and multimillion dollar deals ($20 million for throwing eight punches in 91 seconds to stop Michael Spinks) a kind of absolution for the emptiness of setting them up and knocking them down in the moral void of his closed-circuit world. Sitting on a bench before the Plaza hotel, he confessed ennui at his eternally recurring punkdom to a friend: "When I look in the mirror, it's not Mr. Black America I see." And again: "I'm a good fighter, but I don't deserve this." And finally: "All I'd have to do to make this stop is get knocked out. It would all stop."

John Lombardi

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—**hand delivery	S.Kr.	2,500	1,140	1,400
Switzerland (mail)	S.Fr.	455	491	255
—**hand delivery Bern, Geneva, Lausanne	S.Fr.	600	346	330
Rest of Europe, North Africa, former French Africa, Middle East	$	470	Varies by country	260
Rest of Africa, Gulf States, Asia	$	620		340
Central/Latin America	$	540		295

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International Herald Tribune
Published With The New York Times and The Washington Post

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Friday's market closings in Saturday's IHT

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Solution to Friday's Puzzle

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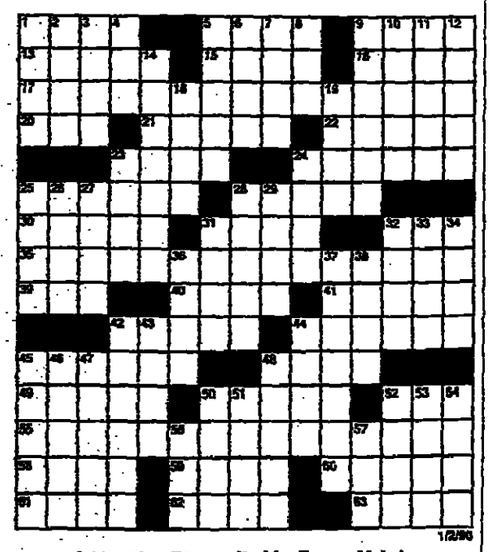

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A Year of Big Surprises on World Stock Markets

By Jonathan Fuerbringer
New York Times Service

NEW YORK — In the world's stock markets, 1989 was a year of the unexpected.

The year's biggest surprise — the startling political changes in Eastern Europe — shifted the focus of many investors to European markets.

The main beneficiary was West Germany. After ranking 19th of 20 national markets at the end of March, on a Morgan Stanley & Co. index of selected stocks, West Germany ended the year in second place, leading all of the other major industrial economies.

Austria was the top performer, according to the Morgan Stanley index, with its market rising by 102.1 percent in dollar terms after a 1.4 percent decline in 1988.

The Japanese stock market, which has outperformed the world's stock markets for years, again hit record highs, even surpassing the predictions of a year earlier. But to the surprise of many, the world's other markets performed even better than the Tokyo market.

For the first time since 1982, the growth in the rest of the world's markets surpassed that of Japan's in dollar terms, according to the Morgan Stanley index.

Japan, which was the top performer among major industrial economies in the 1988 index, had the market with the smallest gain in dollar terms last year.

On the basis of local currencies, markets in Europe, the United States and many much smaller countries easily outperformed the Japanese market.

In terms of the U.S. currency, the dollar's strength against the yen makes the rankings more dramatic, with Japan falling to 19th among all nations, from 5th a year ago.

The performance of the U.S. market was also unexpected.

Buoyed by economic growth that was stronger than predicted, and by inflation that was lower than expected in the first three quarters, American equities finished the year ranked 9th in dollar terms, up from 12th a year ago.

Like European markets, U.S. stocks seemed to shrug off the sharp downturn of Oct. 13, when the Dow Jones industrial average plunged 190 points.

But the outlook for the U.S. market in 1990 has been clouded by expectations that the economy will continue to slow and that corporate earnings will be disappointing.

In addition, the strength of the dollar — and now the rise of the Deutsche mark — has had a significant impact on investors' returns from world stock markets.

The fall of the dollar against the mark and other European currencies at the end of the year sharply enhanced gains from European investments when they are translated back into dollars.

But the weakness of the British pound and the Japanese yen against the dollar and the mark have eroded what would have been good returns in those markets.

Over all, the gains in the world markets were slower than a year ago, continuing the declining growth rate of recent years.

Without the United States, the world index grew 9.7 percent in 1989, compared with 25.8 percent in 1988 and 22.8 percent in 1987. And analysts expect the slowing to continue this year.

"I don't expect 1990 to be as good as 1989, for the simple reason that we have had tremendous returns from the stock markets for five years in a row, and you can't expect that to continue forever," said Sandor Cseh, senior vice president at Provident Capital Management Inc. in Philadelphia.

John Ford, executive vice president of Rowe, Price, Fleming International in London, said he expects the company's international stock fund to show a 15 percent return this year, compared with 24 percent in 1989.

"It's really the innate caution of a fund manager who has had a good year," Mr. Ford said. "You can't expect to see 24 percent every year."

George Noble, the portfolio manager for the Fidelity Overseas Fund, is even more cautious.

He said expectations that interest rates might rise further in Europe and Japan to slow economic growth and fight inflation were not good for equities.

"If we are going to make much money next year we have to have some help from interest rates," he said.

Still, these and other analysts think there are plenty of good stocks available to investors, especially if the focus is more on individual stocks than on the overall market of one country.

But Mr. Ford and Mr. Noble say Americans still do not take full advantage of the profit potential overseas.

As a whole, 1989 was a good year for investments in small companies and small stock markets.

Another strong area was the emerging markets, including Mexico, the Philippines and Thailand.

Mexico, which was up 79.9 percent in 1989, was helped by the debt-reduction agreement reached with foreign bankers.

The Philippines was doing well until the recent coup attempt, and rose 63 percent in the year.

And Thailand, which has been helped by a long period of economic growth in Southeast Asia, was up 103.3 percent.

Some of these markets could continue to be attractive, although many are open to foreign investors only through closed-end mutual funds known as country funds.

Analysts said much of the rise in the Austrian market resulted from a few stocks, including that of Creditanstalt, Austria's largest bank.

As in West Germany, much of the gain came from the opening of Eastern Europe and economic change in the Soviet Union.

In both, the Austrians play a leading role as middlemen and lenders.

Analysts said that in 1990 other European markets like France will benefit both from the changes in Eastern Europe and the increasing corporate activity in preparation for the single market after 1992.

Japan's relatively weak performance — growth of just 1.5 percent in dollar terms — was a reflection of three factors.

One is that equities have become so overvalued in Japan that many investors looked outside the country for more attractive opportunities.

This buying abroad clearly helped the U.S. market in the first half of 1989 and the West German market later in the year.

The American share of Japanese investment abroad fell to 9.8 percent in November from 46 percent in October.

The West German share of Japanese investments rose to 28 percent, from 1.9 percent.

In addition, Yuichi Kohashi, executive vice president at Daiwa Securities America in New York, said that many Japanese investors switched to small-company stocks in 1989 and that many of these are not included in the indexes used to monitor the world's stock markets.

"One of the major characteristics of the Japanese market is that small companies are doing quite well," he said.

The shift to these companies, he said, comes as investors focus more on fundamentals, including earnings.

In the past, much emphasis was given to interest-sensitive stocks, like well-known companies, and the need for stocks that can be easily traded, providing liquidity.

Also weighing on the market, he said, was the political scandal involving Recruit Co., which toppled the government of Noboru Takeshita, and uncertainity about the future of the ruling Liberal Democratic Party.

A third factor was the weakness of the yen against the dollar.

In local currency, the Japanese market is up 16.1 percent for the year. But with a 15 percent depreciation in the yen this year, that gain is slashed to 1.5 percent in dollar terms.

West Germany is the focus of most analysts, although some think the current run-up in the market may soon force a correction.

The changes in East Germany and Eastern Europe mean more skilled and less expensive labor, new markets and, especially, new investment opportunities.

With the Japanese already beginning to move investments from the United States to West Germany, the favorable perception of that market should add to its attractiveness.

But some analysts like Noble tend to concentrate more on individual stocks.

These include Compagnie Generale d'Electricite, the French industrial group that is involved in telecommunications.

Analysts Question Value of Torras Bid

Reuters

MADRID — Stock analysts have questioned the terms of the takeover bid by the Kuwait Investment Office for the 60 percent of Grupo Torras SA that it does not already own, saying the securities portion of the offer was overvalued.

The office, an agency of the Kuwait government, has received official approval for the bid, which analysts estimated at about $1.1 billion.

The Kuwait agency's offer involves payment in cash as well as shares in Prima Inmobiliaria, a Spanish real estate company 70 percent owned by the KIO. But the analysts said the Prima shares were substantially overvalued.

The KIO, which is making its offer through two Dutch-registered companies, Koolmees Holdings BV and Kokmeeuw Holdings BV, is offering one Prima Inmobiliaria share and 8,350 pesetas for each Torras share. The offer, launched Wednesday, is believed to be the largest bid ever on the Madrid exchange.

The Spanish National Securities Commission gave approval for the bid after it was made Wednesday.

But some Spanish brokers said Prima's stock price was too high. It has risen sharply since mid-November, when it traded at 6,400 pesetas ($58.53), to 8,400 pesetas at the time KIO launched its bid.

Brokers and analysts said they were not happy with the offer. "I do not think investors are going to be overly amused," said Virginia Slight, an equities analyst at London-based securities house Barclays de Zoete Wedd.

José Luis Lopez Quesada of the Madrid brokerage firm Usera y Morenes, said, "I think the price of Prima is absolutely artificial."

Narciso Mir, a director of several Torras companies and a shareholder, said there had been no manipulation of Prima or Torras stock.

Shares in Prima, Spain's second-largest real estate company, had risen because of reports the Madrid municipal authorities were about to approve an ambitious office development by the company in Spain's capital, Mr. Mir said.

Trading volume in Torras shares had been minimal in the days preceding the bid, he said. The company would most likely be taken private and delisted from the stock exchange should the KIO succeed in its bid, he added.

Referring to Torras, another London-based broker said, "A year ago they were raising capital and saying what a good long-term investment it was."

Mr. Mir said Torras was undergoing a change in strategy which could be detrimental to small shareholders. "We wanted to give them a way out", he said.

Most investors were expected to accept the offer rather than run the risk of holding shares that could be difficult to sell in the future.

EUROBONDS

Slower but Sma[…] As Trend for th[…]

By Christoph[…]
Reuter[…]

LONDON — In the 199[…] unlikely to experience th[…] had in the 1980s but anal[…] more sophisticated in th[…] provided one of the explosive ma[…] market volume leaped from a me[…] billion in 1989.

Analysts added that the new dec[…] market to rid itself of some of the […] growth.

Robin Baldwin, director of in[…] UBS/Phillips & Drew, said […] that international securities […] markets are already in the […] middle of a revolution.

"Investors are becoming more international in their outlook, recognizing not only the need to diversify their risk, but also the increased opportunities that are now available," he said.

He said the revolution has been […] ion technology, especially in tra[…] 1990s, that technology will become […] available, Mr. Baldwin said.

"Price transparency in the bo[…] result, and by the year 2000, tradin[…] different to those in existence tod[…]

"Transactions in the market-pl[…] world-wide electronic exchange, u[…] gent terminals that automatically […] office and management informatio[…]

Traders in London note this […] introduction of the Association o[…] trade matching system known as T[…] most securities firms in the Londo[…]

Essentially, Trax helps match tr[…] taking place and throws out any di[…] generally pleased with its perform[…]

"I had my reservations about […] installed but I was wrong," one I[…] quite agree that it could be extend[…] cated trading tool."

BUT HE ADDED THAT m[…] niques could lead to more […] market, particularly in the […]

"A lot of traders have been sa[…] '80s," the dealer said. "The back-o[…] '90s."

Mike Webber, a director at IBJ […] trading will become more automa[…] unlikely to take over entirely bec[…] instruments and variations.

"A lot will be done over the scr[…] over," Mr. Webber said. He note[…] market, which just deals in one k[…] technology to move to automated […] largely phone and trader-based m[…]

Toward the end of the 1980s cr[…] that Eurobond houses were laun[…] made money only for the lead ma[…]

As one solution to that prob[…] Morgan Stanley International, be[…] fixed price reoffer basis in 1989. T[…] of the underwriting syndicate i[…] investors at the same price, is exp[…]

One head of Eurobond syndi[…] reoffer deals have so far been ma[…]

"The deal bought on a fixed […] through into other sectors," he sa[…] market if lead managers sit dow[…] consensus price."

A more responsible attitude to[…] would encourage borrowers, he s[…]

In the primary markets, the U.[…] comfortable lead as the most popu[…] year 75 percent to 80 percent of n[…]

However, Mr. Webber said, "[…] coming in other currencies." He a[…] and European currency units w[…] especially if European Commun[…] their drive toward monetary uni[…]

Mr. Baldwin added that by the […] be fewer major currencies" if mo[…] "Who knows?," he said.

Carl Gewir[…]

WEEKLY INTERNATIONAL BOND PRICES

Provided by Credit Suisse First Boston Securities, London, Tel: 01 323 11 30. Prices may vary according to market conditions and other factors. Dec. 28

Dollar Straights

Issuer	Cpn	Mat	Price	Yld	Spd Trsy
[illegible]					

Europe pre 1995

[illegible]

Europe post 1994

[illegible]

Far East

[illegible]

United States

[illegible]

Third World

[illegible]

Dollar Zeros

[illegible]

ECU Straights

[illegible]

Yen Straights

[illegible]

To Our Readers

Prices for Deutsche mark denominated international bonds were not available due to computer problems at the source. We regret the inconvenience.

MUTUAL FUNDS

Figures as of close of trading Friday, Dec. 29.

NEW YORK (AP) — The following quotations, supplied by the National Association of Securities Dealers, Inc., are the prices at which these securities could have been sold (Net Asset Value) or bought (value plus sales charge) Friday.

Fund	Bid	Ask
[illegible]		

CURRENCY RAT[…]

Cross Rates

	$	£	D.M.	F.F.
Amsterdam	1.9155	3.076	1.1295	0.3383
Brussels(a)	35.76	57.30	21.044	6.155
Frankfurt	1.6978	2.721	—	0.2925
London (b)	1.613	—	2.728	9.3255
Milan	1,270.50	2,042.50	749.75	219.20
New York(c)	—	1.6105 b	1.692	5.7805
Paris	5.788	9.316	3.419	—
Tokyo	143.55	231.26	85.07	24.89
Zurich	1.541	2.4783	0.911	0.2656
1 ECU	1.197	0.7428	2.0241	6.9204
1 SDR	1.3142	0.8185	2.2312	7.6064

Closings in London and Zurich, fixings in other […] a: Commercial franc; b: To buy one pound; c: […] units; N.A.: not available.

Other Dollar Values

Currency	Per $	Currency	Per $
Argen. austral	1360.00	Fin. markka	4.045
Austral. $	1.269	Greek drac.	157.10
Austr. schill.	11.90	Hong Kong $	7.805
Brazil cruz.	11.056	Indian rupee	17.007
Canadian $	1.1577	Indo. rupiah	1784.00
Chinese yuan*	4.72	Irish £	0.6433
Danish krone	6.576	Israeli shek.	1.90
Egypt. pound	2.5732	Kuwaiti dinar	0.2902
		Malay. ringg.	2.6965

New York rates unless marked * (local rate.)

Forward Rates

Currency	30-day	60-day	90-day
Pound Sterling	1.6046	1.6277	1.6308
Japanese yen	143.27	143.09	142.96
Deutsche mark	1.6869	1.6870	1.6869

Sources: Indosuez Bank (Brussels); Banca Com[…] de Paris (Paris); Bank of Tokyo (Tokyo); IMF […] Reuters and AP.

Last Week's M[…]

All figures are as of close of trading Friday

Stock Indexes

United States	Dec. 29	Dec. 22	Chge
DJ Indus.	2,753.20	2,711.39	+ 1.54 %
DJ Util.	235.04	234.53	+ 0.22 %
DJ Trans.	1,177.81	1,158.78	+ 1.64 %
S&P 100	329.35	324.93	+ 1.36 %
S&P 500	353.40	347.42	+ 1.72 %
S&P Ind	403.49	396.35	+ 1.80 %
NYSE Co	195.01	191.95	+ 1.59 %
Britain			
FTSE 100	2,422.70	2,362.00	+ 2.56 %
FT 30	1,916.60	1,862.20	+ 2.92 %
Japan			
Nikkei 225	38,915.00	38,040.00	+ 2.30 %
West Germany			
DAX	1,790.37	1,696.38	+ 5.54 %
Hong Kong			
Hang Seng	2,836.57	2,921.02	— 2.89 %
World			
MSCIP	565.80	554.30	+ 2.08 %

World Index From Morgan Stanley Capital Int'l.

EUROBONDS

Slower but Smarter Seen As Trend for the 1990s

By Christopher Pizzey
Reuters

LONDON — In the 1990s, the Eurobond market is unlikely to experience the kind of explosive growth it had in the 1980s but analysts say it will start to become more sophisticated in the way it operates. Eurobonds provided one of the explosive markets of the 1980s, as primary market volume leaped from a mere $13 billion in 1980 to $209 billion in 1989.

Analysts added that the new decade represents a chance for the market to rid itself of some of the problems caused by the rapid growth.

Robin Baldwin, director of international bond research at UBS/Phillips & Drew, said that international securities markets are already in the middle of a revolution.

Greater automation will likely lead to further job losses.

"Investors are becoming more international in their outlook, recognizing not only the need to diversify their risk, but also the increased opportunities that are now available," he said.

He said the revolution has been driven by advances in information technology, especially in traders' desktop screens. In the 1990s, that technology will become cheaper and still more widely available, Mr. Baldwin said.

"Price transparency in the bond market will improve as a result, and by the year 2000, trading methods will be substantially different to those in existence today," he said.

"Transactions in the market-place could be conducted on a world-wide electronic exchange, using touch screens and intelligent terminals that automatically generate all necessary back office and management information," Mr. Baldwin said.

Traders in London note this has already begun with the introduction of the Association of International Bond Dealers' trade-matching system known as Trax, which is now operating at most securities firms in the London market.

Essentially, Trax helps match trades within 30 minutes of their taking place and throws out any discrepancies. Dealers have been generally pleased with its performance.

"I had my reservations about the system when it was first installed but I was wrong," one London dealer said. "In fact, I quite agree that it could be extended into a much more sophisticated trading tool."

BUT HE ADDED THAT more sophisticated trading techniques could lead to more job losses in the Eurobond market, particularly in the settlements area.

"A lot of traders have been sacked in the latter part of the '80s," the dealer said. "The back-office could take the brunt in the '90s."

Mike Webber, a director at IBJ International Ltd., agreed that trading will become more automated, but said that screens are unlikely to take over entirely because the market has so many instruments and variations.

"A lot will be done over the screen but I don't think it'll take over," Mr. Webber said. He noted the U.S. Treasury securities market, which just deals in one kind of instrument, has had the technology to move to automated trading, but has remained a largely phone and trader-based market.

Toward the end of the 1980s criticism grew within the market that Eurobond houses were launching new bond issues which made money only for the lead managers.

As one solution to that problem, Eurobond firms, led by Morgan Stanley International, began launching Eurobonds on a fixed price reoffer basis in 1989. That trend, in which all members of the underwriting syndicate initially reoffer the bonds to investors at the same price, is expected to continue in the 1990s.

One head of Eurobond syndication noted that fixed price reoffer deals have so far been mainly in U.S. dollars.

"The deal bought on a fixed price reoffer basis will spread through into other sectors," he said. "It can only be good for the market if lead managers sit down together and come up with a consensus price."

A more responsible attitude towards the pricing of new issues would encourage borrowers, he said.

In the primary markets, the U.S. dollar is expected to keep its comfortable lead as the most popular currency to borrow in. This year 75 percent to 80 percent of new issue volume was in dollars.

However, Mr. Webber said, "I can see more jumbo issues coming in other currencies." He added that issues in Japanese yen and European currency units will increase during the 1990s, especially if European Community countries move forward in their drive toward monetary union.

Mr. Baldwin added that by the end of the 1990s "there might be fewer major currencies" if monetary union becomes a reality. "Who knows?," he said.

Carl Gewirtz is away.

The 1990s: Strains and Opportunities

International Herald Tribune

The 1990s will provide tremendous opportunities for increasing world prosperity, especially as a result of the dramatic economic and political changes under way in Eastern Europe. But the international economy will be subject to great strains, which could lead to serious instability.

The risks as well as the potential gains ahead were stressed by five leading international economists, invited by the International Herald Tribune to outline the main trends, and challenges, of the coming decade.

Two of the five, Maurice Allais of France and Yasunori Sone of Japan, described world financial markets as a vast casino, which could run out of control in the 1990s.

Mr. Sone and Lester C. Thurow, of Massachusetts Institute of Technology, predicted mounting trade tensions; David D. Hale, of Kemper Financial Services, saw increased strains in U.S.-Japanese relations.

Mr. Hale warned that the Western economic system could have difficulty responding to the "loss of a common enemy" in the East.

Norbert Walter, of Deutsche Bank, said Western prosperity would be crucial for recovery in the East, but cautioned against expectations of an immediate increase in trade and capital flows to Eastern Europe. West Germany should be encouraged to stay in the Western fold, he added.

Articles on Page 10

Lester C. Thurow

The opportunity lies in Eastern Europe. If the incentive system can be gotten right, the economic boom there in the 1990s could exceed that in Western Europe in the 1950s and 1960s.

Norbert Walter

The well-being and functioning of Western democracies and the prosperity of industrial countries is crucial for the improvement of Eastern bloc countries.

Yasunori Sone

Because economic globalization is taking place so rapidly, the vast majority of people, uninvolved in this process and unable to meet the challenges, will be left behind.

David D. Hale

America and Japan have strong incentives to continue cooperating, but loss of a common enemy could encourage them to become more reckless toward each other.

Maurice Allais

The world has become a casino with millions of players speculating in currencies and stocks. With one market or another always open around the world, there is no end to the game.

U.S. Oil Imports Rise Strongly

Fears of New Dependence Stir Memories of the 1970s

By Robert D. Hershey Jr.
New York Times Service

WASHINGTON — After a long period of complacency during which American reliance on foreign oil fell sharply and the price dived to under $10 a barrel, the United States is now headed for permanent levels of dependence on imports that are higher than those that led to havoc in the 1970s, many oil specialists say.

The United States relies on foreign suppliers for 43 percent of its petroleum needs, and some experts say that may go to 60 percent by the turn of the century. But there is a difference this time.

The pinch has been gradual, largely because of lessons learned on both sides of the oil equation. That difference makes the risk of a return to gasoline lines seem more remote than in the mid-1970s, when imports last moved above 40 percent.

Still, with the aid of exceptionally cold late autumn and early winter weather in much of the nation, the price of crude oil has climbed to about $22 a barrel. And in trading Friday on the New York Mercantile Exchange, heating oil jumped to its highest level in almost six years.

The combination of higher prices and the fact that daily domestic oil production fell in 1989 by a record 500,000 barrels has many analysts warning that the American dependence on foreign oil will pose an increasingly worrisome threat in many ways in the 1990s.

"One of the most serious issues facing the United States is how to cope with the growing imports of crude oil and refined products that arise from increased consumption combined with declining domestic production," the Atlantic Council, a Washington-based center that specializes in economic and other international issues, concluded in a report published this month.

"This aggravates balance-of-payments problems, adds to the budget deficit, is likely to lead to higher world oil prices and affects national security," the report said.

Addressing some of the concerns in a speech in London in October, Hisham M. Nazer, oil minister for Saudi Arabia, made it clear that maintaining a steady flow of oil to the West was in the best interests of producers and consumers, saying it was "a purely commercial equation."

He added: "We will add political variables to it only to our mutual peril. Let me simplify it even further. You need the oil. We have the oil."

Although some in the industry believe that American production can at least be stabilized and that the decline can probably be reversed with single-minded efforts, most analysts expect that environmental and other constraints will cause production to continue to fall.

This year's average of 7.6 million barrels a day, down from 8.1 million in 1988, was the fourth straight annual decline and was the lowest production level since 1964. Output peaked at 9.6 million barrels a day in 1970.

James E. Akins, a former ambassador to Saudi Arabia, said in an interview that he considers this a "frightening" trend and held that the United States would be "lucky" to hold its imports at the turn of the century to the 60 percent that the Department of Energy forecasts to be the worst eventuality.

Spurred by the sharp increases in the world price of oil, which curbed demand and elicited large new supplies from Western sources that could get a decent return for the money they have sunk into new wells, the 1980s was a period of relative energy complacency.

President Jimmy Carter's 1977 declaration of the "moral equivalent of war" to head off possible national catastrophe was largely forgotten.

American dependence on foreign oil dropped to 28 percent overall in 1982 and 1983, from a peak of 46.5 percent in 1977, and the reliance on Middle East sources dwindled even further as Britain, Mexico, Nigeria and Norway joined

See OIL, Page 11

Mitsubishi, Chrysler In Talks

Agence France-Presse

TOKYO — Mitsubishi Heavy Industries Ltd. is in the final stage of negotiations to purchase Chrysler Corp.'s aircraft and defense electronics businesses, a newspaper reported Monday.

Sankei Shimbun, a daily, said that Mitsubishi Heavy, Japan's largest comprehensive heavy-machinery maker, was considering paying more than $1 billion for the three businesses, which together are known as Chrysler Technologies.

Mitsubishi officials were not available for comment.

Chrysler, which along with Mitsubishi Heavy is a big stockholder in Mitsubishi Motors Corp., said last month that it was considering the sale of the three units.

They are Gulfstream Aerospace Corp., a manufacturer of business jets; Electrospace Systems Inc., which makes electronics parts for aircraft; and Airborne Systems, a producer of defense-related, aircraft-control systems.

The U.S. automaker, fighting to maintain market share in a soft domestic market, is refocusing on its core business and cutting costs.

When Chrysler announced on Dec. 6 that it was weighing the sale of the aerospace businesses, it said Allen Paulson, the chairman of Gulfstream, was considering making a bid for them.

But Sankei Shimbun said Monday that Chrysler had contacted Mitsubishi because of their ties through Mitsubishi Motors.

Mitsubishi Heavy holds 28.4 percent of the Japanese automaker and Chrysler is the second-largest shareholder with 12.1 percent.

In addition, the newspaper said, Chrysler was motivated by the fact that Mitsubishi Heavy has a very sizeable aircraft business.

Chrysler bought Gulfstream Aerospace in 1985 for $637 million and Electrospace Systems in 1987 for $367 million. Airborne Systems was formed in 1988.

Auction Houses Bid to Enter Japanese Art Market

By Patrick L. Smith and Kay Itoi
International Herald Tribune

TOKYO — In most respects, the scene in the banquet room of a Tokyo hotel was typical of art auctions the world over: In a period of three hours one evening, a Sotheby's auctioneer sold $8.6 million worth of Western prints to dealers and collectors in the audience.

But for many leading European and American auction houses, the man with the mallet broke important new ground that balmy October night: After waiting decades with their faces pressed against the glass, Sotheby's and its competitors viewed the sale at the Imperial Hotel as a turning point in their efforts to enter the Japanese art market.

Long a world of gentlemanly tax evasion and traditional Japanese discretion, the Tokyo art scene is still dominated by a few large dealers and many smaller ones, all of whom enjoy close relations with the mostly anonymous collectors for whom they buy and sell; there are no Japanese auction houses.

Now the Sotheby's sale — the revenue from which was 50 percent above presale estimates — is expected to change all that. It was the first fine-art auction in Japan for eight years, and the only successful one in the last two decades.

The event was closely watched. Since the first reports of heated international bidding drifted out, Christie's and several others in the trade have announced new auction schedules in Tokyo; Sotheby's jubilantly disclosed that April and October print sales in Japan would become a permanent part of its international calendar from next spring.

"Why did we come? The biggest reason is that Japanese buyers have suddenly become very visible in the international art scene," said Kazuko Shiomi, president of Sotheby's Japan Ltd. and a director of the London-based auction house. "If they're that active, why not tap the market?"

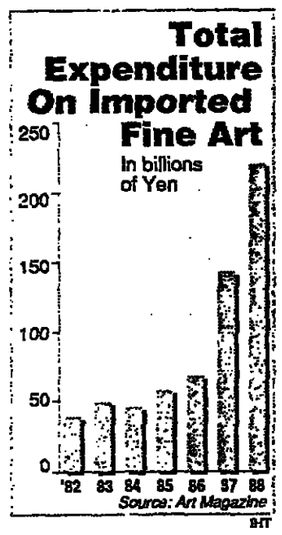
Since Yasuda Fire & Marine Co.'s surprise purchase of Van Gogh's "Sunflowers" for what was then a record $39 million in 1987, it has been difficult to miss the prominence of big Japanese buyers in world art markets. Still more dramatic, however, has been the growth of Japanese art purchases over the past two years, even apart from the large sensations.

Last year Japanese dealers and collectors imported 218.65 billion yen ($1.52 billion) worth of paintings, sculptures, prints and drawings, an increase of 53 percent from 1987. Purchases this year, which include a record-setting price of $48.4 million for Picasso's "Les Noces de Pierrette" in November, are expected to gain by a similar percentage.

Art experts liken such voracious buying to that of U.S. dealers and collectors late in the last century, or in the years after World War II, when steep rises in national wealth turned the United States into a net importer of art by a vast margin.

There is nothing in the annals of art markets, however, to compare with the increasing dependence of dealers and auction houses on Japanese buyers. At Sotheby's prestigious evening sale of Impressionist and modern art in New York in November, Japanese accounted for just over half of the winning bids, compared with 15 percent to 20 percent in most recent years.

By bringing this activity back to Japan, the new boom in auction sales here can be viewed broadly as a market-opening exercise like most others: It has required diligence, not a little wheedling with local dealers, tie-ups with Japanese partners and patience.



As in many other Japanese markets, the auction boom also represents a major reversal of attitudes toward wealth and consumption. Suddenly it is fashionable not only to own expensive works of art; the desire to be seen procuring them has also turned the auction room into a popular new social scene for status-conscious Japanese.

To follow this general shift in local attitudes, Mrs. Shiomi spent 10 years making contacts among Japanese dealers before deciding the time was right to ease open their intensely private world. She also secured a strong local link for Sotheby's by forging close ties with Saison Group, an up-market retail chain of nationwide prominence.

Two months ago, Fuji Bank Ltd. joined with a Saison credit subsidiary to take a lesson from Sotheby's itself, which has been an aggressive innovator in art financing in recent years. Fuji became the first Japanese bank to accept art works as loan collateral, and it will rely on Saison to provide the art-evaluation expertise required for such credits.

That is another potentially important step in the development of the auction business in Tokyo, experts agreed. But how much potential is there in the Japanese market?

Most art experts assert that this finally depends not on Japanese appetites, which are expected to remain healthy, but on their willingness to sell, as well as buy art. Market-making in the art world, as in stocks or commodities, depends a lot on local participation at both ends.

"We're trying to create a market, not a social event," Mrs. Shiomi said. "The Japanese are still stockpiling, and unless you find good properties locally, you can never sustain yourself in Japan."

Reflecting this concern, Sotheby's is trying to import half of the lots it will auction in Tokyo and acquire half of them locally. It hopes this will develop a natural market, with worldwide recognition, for one category of fine art or another, much as Hong Kong has emerged over the past several years as an auction center that no serious collector of Chinese porcelain can miss.

But no one is quite sure how Tokyo may develop in coming years, since no one has a solid read of Japanese tastes yet. Last month, for instance, Habsburg, Feldman

See ART, Page 13

CURRENCY RATES

Cross Rates — Dec. 29

	$	£	DM	F.F.	lira	Guild.	B.F.	S.F.	Yen
Amsterdam	1.9435	3.074	1.1295	0.3383	0.1584 *	—	5.369 *	1.2373	1.3149 *
Brussels(c)	35.78	57.20	21.044	6.355	2.8894 *	18.6875	—	23.0575	0.2487
Frankfurt	1.6778	2.721	—	0.2925	0.1333 *	0.8852	4.754 *	1.0967	1.181 *
London (b)	1.453	—	2.728	0.3255	0.1545 *	0.8985	5.134	1.2488	213.725
Milan	1,270.50	2,042.50	749.25	219.20	—	644.13	35.624	822.60	0.821
New York(c)	—	1.4105 b	1.692	0.7885	1.267.80	1.9895	35.542	1.5433	142.965
Paris	5.788	9.316	3.479	—	0.4563 *	2.8225	0.1626	3.746	4.021 *
Tokyo	143.55	231.26	85.87	24.89	0.1139	75.35	4.8448	93.43	—
Zurich	1.541	2.4783	0.911	0.2656	0.1213 *	0.8855	4.2224 *	—	1.0728 *
ECU	1.197	0.7428	2.0241	6.9284	1,577.55	2.286	42.592	1.3428	171.888
SDR	1.3143	0.8185	2.2212	7.6064	N.Q.	2.5173	46.9944	2.0324	188.516

Quotes in London and Zurich, Europe in other centers. New York closing rates.
*a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	1260.00	Fin. markka	4.045	Mex. peso	2682.50	S. Afr. rand	2.5325
		Greek drac.	157.10	N. Zealand $	1.8346	Soviet ruble*	0.6000
Austral. $	1.269	Hong Kong $	7.805	Nig. naira*	5.2975	Span. peseta	109.25
Austr. sch.	11.370	Indian rupee	17.957	Norw. krone	6.548	Swed. krona	6.185
Brazil cruz.	11.056	Indo. rupiah	1784.00	Pak. rupee	22.84	Taiwan $	25.96
Canadian $	1.1577	Irish $	0.6453	Port. escudo	149.20	Thai baht	25.65
Chilean peso*	472	Israeli shek.	1.90	Saudi riyal	3.748	Turkish lira	2203.00
Danish krone	6.574	Kuwaiti dinar	0.2902	Sing. $	1.8865	UAE dirham	3.67
Egypt. pound	2.5732	Malay. ringg.	2.6565	S. Kor. won	680.60	Venez. boliv.	42.10

*New York rates unless marked * (local rate.)*

Forward Rates

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.4244	1.4277	1.4303	Canadian dollar	1.1615	1.1649	1.1683
Japanese yen	143.27	143.09	142.96	Swiss franc	1.5387	1.5380	1.5373
Deutsche mark	1.6849	1.6870	1.6849				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); Gosbank (ruble). Other data from Reuters and AP.

Last Week's Markets

All figures are as of close of trading Friday.

Stock Indexes

United States	Dec. 29	Dec. 22	Chge
DJ Indus.	2,753.20	2,711.39	+1.54 %
DJ Util.	226.04	224.53	+0.22 %
DJ Trans.	1,177.81	1,158.78	+1.64 %
S & P 100	329.35	324.93	+1.36 %
S & P 500	353.40	347.42	+1.72 %
S & P Ind.	403.49	396.35	+1.80 %
NYSE Cp.	195.01	191.95	+1.59 %
Britain			
FTSE 100	2,422.70	2,362.80	+2.54 %
FT 30	1,816.60	1,862.20	+2.92 %
Japan			
Nikkei 225	38,915.80	38,040.00	+2.30 %
West Germany			
DAX	1,790.37	1,696.38	+5.54 %
Hong Kong			
Hang Seng	2,836.57	2,921.02	—2.89 %
World			
MSCI*	356.80	354.30	+2.08 %

World Index From Morgan Stanley Capital Int'l.

Money Rates

United States	Dec. 29	Dec. 22
Discount rate	7.00	7.00
Federal funds rate	9½	8 3/16
Prime rate	10½	10½
Japan		
Discount	4¼	3¼
Call money	6½	6 17/32
3-month interbank	6¼	6 29/32
West Germany		
Lombard	8.00	8.00
Call money	8.10	7½
3-month interbank	8.05	8.05
Britain		
Bank base rate	15.00	15.00
Call money	15 1/16	15 1/16
3-month interbank	15 3/16	15 3/16

Gold	Dec. 29	Dec. 22	Chge
London a.m. fix.$	401.00	413.20	—2.95 %

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DIVIDEND NOTICE

At the Annual General Meeting held on December 28, 1989, it was decided to pay a dividend of U.S.$ 0,10 (ten cents) per share on or after January 22, 1990 to shareholders of record on January 2, 1990, and to holders of bearer shares upon presentation of coupon N° 2.

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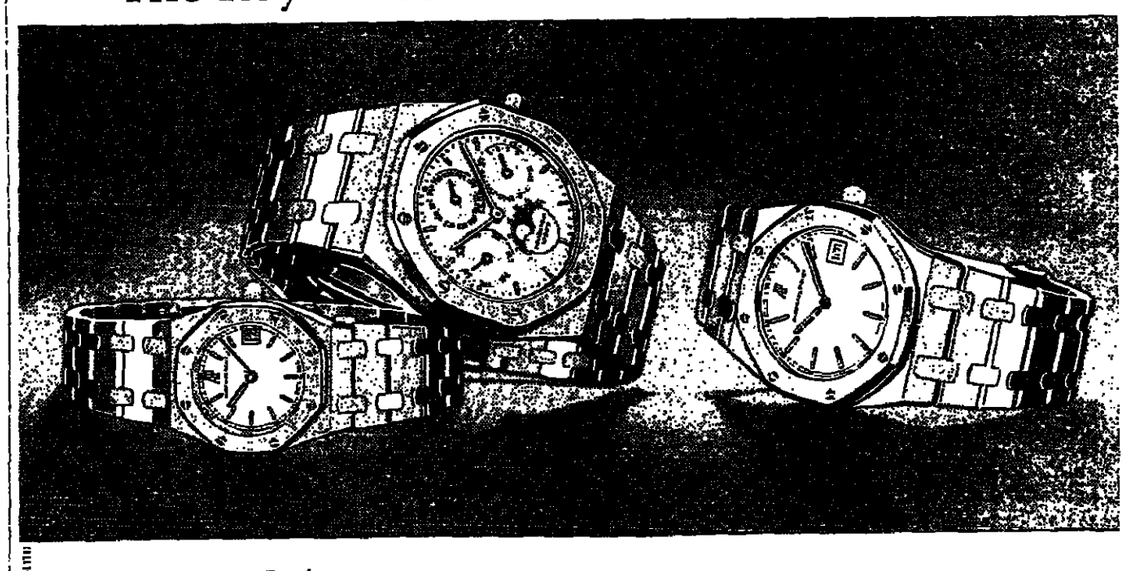
The Royal Oak.



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Thurow: Focus on the East

Lester C. Thurow is Dean of the Alfred P. Sloan School of Management at Massachusetts Institute of Technology in Cambridge, Massachusetts.

The performance of the 1990s depends upon the exact balance between an enormous opportunity and an enormous problem.

The opportunity lies in Eastern Europe. If the incentive system can be gotten right (a very big if), the economic boom in Eastern Europe in the 1990s could exceed that in Western Europe in the 1950s and 1960s.

We tend to forget that none of the countries of Eastern Europe is poor. East Germany has a per capita gross national product twice that of South Korea. They do not start from ground zero.

More importantly, up through the high school level, Eastern Europe may be the best educated region of the world. The countries there have low-wage, high-skill workers.

The basic infrastructure (electricity, transportation, communications) of business already exists. It would need to be expanded, but not built from scratch.

Any boom in Eastern Europe would lead to a boom in Western Europe. Western Europe would provide capital, machine tools, technology and management. Eastern Europe would provide a rapidly growing market for the consumer goods of the West. West Germany would also solve the negative demographic factors that have led it to opt for low growth in the 1980s.

Let it be said, however, that getting the incentive system right is a big 'if.' Moving from central planning to the market requires a period when incomes go down.

Housing is the best example. Russians spend 1 percent of their income on housing. In capitalistic economies, people typically spend 30 to 40 percent of their income on housing. Moving to the market means raising rents and then waiting 10 to 20 years before a majority of people have bigger or better apartments. In the interim, less income is available to buy other things. Lowering purchasing power is very hard to do in a democracy, particularly a new democracy.

The problem is trade imbalances, not just between Japan, Germany and the United States, but between European countries. Given the size of the existing imbalances, it is unlikely that they can continue for another 10 years.

Eliminating trade imbalances usually means recessions and slow growth. Deficit countries are forced to impose tighter monetary and fiscal policies to slow growth and reduce imports. As a consequence of this austerity, exports fall in the surplus countries. Jobs are lost in their export industries and the surplus countries join the deficit countries in slow or negative growth.

I think that the opportunity will dominate the problem. Trade imbalances will be much easier to solve in the rapidly growing environment of the 1990s then they were in the slow growth environment of the 1980s.

The 1990s will be a good decade economically.

Walter: Well-Being Of West Is Crucial for Eastern Economies

Norbert Walter is chief international economist at Deutsche Bank.

1989 was not just the closing year of a decade, or the seventh year of the international economic upswing; it was a year with historic dimensions.

According to the people of Eastern Europe, the centrally planned economy and the communist system have outlived their welcome.

Under such circumstances, issues like the cyclical position of Western economies, the rate of inflation or unbalanced current accounts drop into the background.

Nevertheless, the well-being and functioning of Western democracies and the prosperity of industrial countries is crucial for the improvement of Eastern bloc countries.

The industrial countries experienced an almost synchronized upturn throughout the 1980s. The upturn was stimulated first and foremost by the United States and the United Kingdom.

These two engines of growth are now running out of steam. The Far East and continental Europe, in particular, are exhibiting strong performance in their economies.

Thus, we have entered a see-saw stage in the international economy, with the United States on the way down and Europe and Japan up.

Such a development is to be welcomed for a number of reasons: It will help to reduce over-consumption in the United States and the United Kingdom, and will tend to reduce the current-account disequilibrium.

Consequently, the excessive flow of savings into the United States and the United Kingdom will be diminished. This reduces the vulnerability of the deficit countries, and particularly helps to avoid further interest rate hikes.

The West German economy is benefiting from a number of "lucky events" in 1990: a large tax cut (a good 1 percent of gross national product), and a substantial increase of its population (a good 1 percent in 1989) are accelerating domestic demand, and the influx of additional labor enlarges the German production capacity. The latter is also due to healthy investment activity in recent years.

While trends in the industrial world can be projected with some confidence, future developments in Eastern Europe are extremely uncertain.

Speculation that the reform process is irreversible is convincing. Hopes that the political and, especially, the economic reforms will be fundamental and encompassing, however, seem to be overly optimistic. Thus, hopes for a substantial and immediate improvement of trade and capital flows towards Eastern Europe are premature.

West Germany, which at this time is overly attracted by developments in the East, should be helped by friends in the West to continue to adequately contribute to West European integration.

The United Kingdom should not abuse events in Eastern Europe to back away from its commitments to help to build Western Europe.

Allais: Urging Institutional Reform

Maurice Allais, a leading French economist, was the 1988 winner of the Nobel Memorial Prize in Economic Science.

The world economy today rests on gigantic pyramids of debt, each supporting its neighbor in a fragile equilibrium. Never in the past has there been such an accumulation of promises to pay. And never has it been so difficult to cope with.

The world has become a vast casino with millions of players speculating in currencies and stocks. With one market or another always open around the world, there is no end to the game, or to the raising of stakes.

Everywhere, speculation is made easier by the credit mechanism, which makes it possible to buy without paying and sell without holding.

Financial flows between the Group of Seven countries amount to more than $400 billion a day, whereas trade flows are only around $12 billion.

It is the scale of speculative financial flows that explains the extraordinary instability of the dollar, the rate of which, for example, fell from 3.47 Deutsche marks on Feb. 26, 1985, to 1.57 DM on Dec. 31, 1987.

Short-term foreign lending helps keep American living standards 3 percent higher than they would be if the U.S. balance of payments were in equilibrium. This situation is a potential source of instability.

All these difficulties result from ignoring a fundamental fact. That is that no decentralized market economy system can function properly if the uncontrolled creation of new means of payment postpones necessary adjustments.

That happens every time that people cover their spending, or their debts, with simple promises to pay, without any effective direct or indirect counterpart.

The way the credit mechanism now works — based on the fractional coverage of deposits, on the creation of money from nothing (ex nihilo), and on long-term lending of funds borrowed short-term — has the effect of considerably amplifying these disorders.

In fact, all the great crises of the 19th and 20th centuries resulted from excessive expansion of credit, of promises to pay, and of their monetization and the speculation that this engendered.

The continuous quotation of stocks and currencies only amplifies the effects and favors fraud and market manipulation.

The destabilizing influences of the credit mechanism are greater today, because they are felt at both national and international levels:

- Accelerated monetization of debts and a growing confusion between money and savings.
- A reckless expansion of credit.
- The potential instability of the banking system.
- The expansion of debt at both national and international levels.
- The instability of floating exchange rates.
- Current-account imbalances and the threat of protectionism.
- Wild speculation on foreign exchange and stock markets, encouraged by continuous trading.
- World use of the dollar as a unit of value, even though the dollar's real value internationally is extraordinarily unstable and unpredictable.
- The fundamental contradiction between short-term capital movements and the independence of national monetary policies.
- Policies of expediency to tackle the current difficulties.
- The potential instability of the entire world economy.

Up to now, a collapse has been avoided, but it is becoming more difficult to cope with imbalances that no one can really control. In fact, such reckless expansions of credit and debt in the past have always led to major difficulties.

If we are to tackle these difficulties, to prevent a comparable situation recurring and to ensure a stable, efficient economy with a fair distribution of income, a fundamental reform of our monetary and financial institutions is necessary. That is a major task for the decade ahead.

Sone: Rush Toward Globalization

Yasunori Sone is professor of political economy at Keio University in Tokyo.

The world economic system of the 1990s will inevitably make international political, economic and cultural relations more complex. Changes in these areas, wrought by rapid evolution in international economic relations, will increase the level of absolute wealth but will also cause much criticism and friction.

Globalization, a clear trend in the world economy over the past decade, is inseparable from the development of the worldwide information networks that technological progress has made possible. The effects of what happens in one part of the world now spread around the globe instantaneously.

U.S. Treasury bonds are partly supported by the high land prices in Tokyo, for instance. And the inflation of land prices in Tokyo will affect not only Los Angeles or New York, but also London and Sydney through the flow of Japanese capital.

Financial markets around the world are now synchronized, and transactions are managed globally, not nationally. We can expect information networks to turn world markets into casinos in the 1990s, giving rise to many "bubbles" and an increase in the number of transactions that are unrelated to real economic fundamentals.

Each of the world's major governments will try to control this phenomenon through Group of Five or bilateral meetings, but the gigantic force of the casino market has now become even stronger than national governments working in concert.

The flow of goods and people have not kept up with the spread of information networks, but ways to minimize the resulting information and time gaps in the world economy will soon be developed; the trend will accelerate in the 1990s.

A global economy tends to move markets in one direction, and the unification of the European Community is a manifestation of this tendency. However, the forces urging a unified market and movement toward a poly-market world economy may be evident simultaneously.

National economies might be able to adjust to large new capital flows in purely monetary terms, but because economic globalization is taking place so rapidly, the vast majority of people, uninvolved in this process and unable to meet the sudden challenges, will be left behind.

As a consequence, "local" economies and local culture will be continually emphasized in the next decade. And this, in turn, will lead to more demands in the political realm, especially at the level of national legislatures, to narrow the gap between the global and local economies.

The historic events of 1989 are good indicators for predicting the important trends of the next decade. Developments in the Soviet Union, China and Eastern Europe suggest that the implementation of perestroika will continue, and the benefits these countries derive from the global economy will increase.

Even in this area, however, the demands of various regions and ethnic groups will become greater. And the need for a political accommodation of global and local interests will grow to an extent that might exceed each government's capability.

Hale: After the Loss of an Enemy

David D. Hale is chief economist at Kemper Financial Services in Chicago.

One of the paradoxical questions created by the end of the Cold War is whether the Western nations will be able to sustain free trade in goods and capital without the political unity provided by a common enemy in the East.

In Europe, the opening of the East could disrupt the remarkable equilibrium in trade and capital flows, which has developed around the German economy during the late 1980s.

If West Germany now devotes a growing share of her surplus savings to reconstructing the Eastern economies, it will be more difficult for Britain, Spain and Italy to finance their large external deficits. As pressure builds on them to raise interest rates or devalue, support for European monetary integration could erode.

The end of the Cold War also could magnify the strains now apparent in the U.S.-Japanese relationship. In the past, America tolerated large trade deficits with Japan partly because of Japan's perceived role as a "U.S. aircraft carrier" in the Western Pacific.

Meanwhile, Japan's Ministry of Finance took extraordinary steps to rescue the U.S. economy from a potential recessionary hard landing during the dollar crises of 1987 and 1988, because of concern that it would encourage unilateralism in trade and defense policy.

The Japanese ministry supported the dollar through large-scale purchases of U.S. securities, instructing Japanese insurance companies to hold on to dollar bonds, and leaning hard on its central bank to restrain Japanese monetary growth through credit controls rather than rising interest rates.

Although America and Japan have strong incentives to continue cooperating, the loss of a common enemy could encourage both countries to become more reckless in making demands upon the other.

There is growing pressure in the U.S. Congress to restrict Japanese access to American assets and technology.

The Japanese are also becoming weary of American demands that they modify their domestic microeconomic behavior in order to conform with Western practices.

The end of the Cold War could provide America with an opportunity to enhance her competitiveness by reducing defense spending. What remains to be seen is whether the cost savings produced by defense cuts will be used to reduce the federal deficit or whether they will be absorbed in an upsurge of social spending comparable to that which followed the Vietnam War.

The large size of the federal deficit helped to restrain nondefense expenditures during the 1980s, but the end of the Cold War could tilt U.S. politics leftwards by shifting the voters' focus away from foreign policy issues to domestic concerns.

If such a political realignment occurs, one of the ironic and unintended consequences of Eastern Europe's liberation could be a further slide towards protectionist trade and investment policies as America gropes for ways to cope with the Japanese challenge and the emergence of an international economic order.

Despite Rational Analyses, Forecasts Are Far From Perfect

By Leonard Silk

New York Times Service

ATLANTA — For the thousands of economists who attended the annual meetings of the American Economic Association in Atlanta, and for the millions of people in the world undergoing rapid and often chaotic change, there is a crucial question: How good is the state of economics?

The answer from some leaders of the profession: Not so good.

Herbert A. Simon of Carnegie-Mellon University, a winner of the Nobel Memorial Prize in Economic Science, contends that the differences and sharp conflicts among economists demonstrate that the state of economic knowledge is insecure.

"The public is not mistaken in its perception that economists disagree frequently and vociferously," Mr. Simon said.

"We have Keynesian economics, monetarism, supply-side economics, rational expectations and budget balancing, not to mention free trade, protection for infant industries, and proponents of the income tax, the single tax, the sales tax and almost no taxes at all."

Michael J. Boskin, chairman of the President's Council of Economic Advisers, sought to resolve these clashes by taking what he called a "pragmatic, eclectic" position.

He said the public could not expect to find a "pure monetarist, pure Keynesian or pure rational expectationist" on his staff.

"We are not sticking slavishly to any one of them," he said, adding, "This view is shared by most people in the administration and fits in with the way President Bush thinks."

He counseled much greater humility for economists.

Despite differences among economists on both analyses and policies, some critics insist that economists share a common and incorrect approach to understanding human behavior — that they exaggerate human rationality, alleging that people act on the basis of calculations and forecasts of how they can get the most income, profits or well-being.

Kenneth J. Arrow of Stanford University, who won the Nobel Memorial Prize in 1972, observed in an essay in a new book, "The State of Economic Science," that "the impossibility of carrying out such calculations is manifest from everyday observation and confirmed by the inability of economists using our theory and our computing power to make good forecasts — even good contingent forecasts."

A contingent forecast is one based on certain assumptions.

Mr. Arrow noted that in experiments, cognitive psychologists had found systematic kinds of bias in human behavior, strongly contradicting the economists' assumption of rational behavior.

Both Mr. Arrow and Mr. Simon urged the economists to learn from these psychological studies.

The inability of economists to forecast reliably remains a persistent criticism of the profession.

There is increasing question, after the development of chaos theory in mathematics, about whether economic systems, given their complexity and the possibility that small changes in some variables will produce enormous changes in the overall system, is inherently chaotic

Even some of the most mathematical economists now complain that the field has become overly wedded to abstract theories and too careless and casual in amassing the empirical data on which understanding must be based.

While noting that no serious economist opposes applying mathematical techniques to economics, Henry Woo of the Hong Kong Institute of Economic Science said, "What causes concern over present-day economics is the dominance of mathematics, almost to the exclusion of other methods of inquiry and the imposition of a mathematical finality on the subject."

Despite this bill of indictment, economists remain a cocky and feisty group.

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INTERNATIONAL FUNDS — December 29th, 1989

Quotations supplied by funds listed. Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue price. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly; (t) - twice weekly; (m) - monthly

[illegible]

AS - Australian Dollars; AS - Austria Schillings; BF - Belgian Francs; CS - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; LIt - Italian Lira; LF - Luxembourg Francs; p-pence; Ptas - Pesetas; SF - Swiss Francs; Y-Yen; a - asked; + - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - Stock Split; * - Ex-Dividend; ** - Ex-Rts; @ Offer Price incl. 3% prelim. charge; - Paris exchange; ++ - Amsterdam exchange; - unquoted; registered with regulatory authority

Be sure that your fund is listed in this space daily. Telex Simon OSBORN at 613595F for further information.

BUSINESS

Major: 'Reasonable P…

LONDON — Britain will join the Europ… within a reasonable period of ti… Exchequer, said Monday. He said … tax cuts and the liberalization of Eu… Mr. Major acknowledged that there wo… for Britain during 1990, and he urged e… unemployment would not be the pri…

Nissan Plans Second …

TOKYO (AFP) — Nissan Motor Co. p… which will target exports, company… The plant in Aguascalientes, northwest… 000 small passenger cars and commer… they said. The cars will be mainly f… Japan. Most of the 100,000 Nissan ve… of Mexico City, are sold in Mexico…

U.S. Fur Retailer Seek…

NEW YORK (LAT) — Antonovich Inc. … in the United States, filed for ba… Friday followed by a month an anno… put itself up for sale. The U.S. industry… foreign competition, and it faces pro… Antonovich, which has nine stores in the… $18.9 million and liabilities of $20 m… on sales of $31 million in 1988 and…

Ueberroth Group Bu…

NEWPORT BEACH, California (Reu… baseball commissioner Peter V… Thomas Talbot has purchas… $37 million.

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Firm Cuts Rockefelle…

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For the Record

The Economic Community of West A… program to liberalize trade among its 16 n… program allows free movement of handic… certain industrial products in the com…

Kay Cobbs, a Dallas businessman, sai… Inc. on Wednesday to discuss buy… the Orlando, Florida-based carrier … spokesmen for creditors of the carrier, w… bankruptcy protection on Sept. 28, were not a…

Greece Fund Inc., a closed-end mutua… Exchange Commission for an initi… common shares at $12 each. The fund in… according to the Friday filing. It may als… bonds issued by companies or the G…

Heck's Inc., unable to turn a profit… bankruptcy court protection, announced … including 55 discount stores in six stat… Heck's is to and concentrate on wholesalin…

Florida Ch…

By James Brooke

New York Times Service

RIO DE JANEIRO — The icicles … ping off frozen Florida oranges on C… mas weekend warmed hearts in Braz… world's largest producer of frozen o… juice.

Brazil supplies about half the o… juice consumed by Americans an… counts for three-quarters of the world… ket. Bolstered by a record orange cro… season, Brazil stands to profit handso… from Florida's misfortune.

Nationwide, the orange has become… a symbol of easy wealth in Brazil … popular soap opera, "The Savior o… Nation," is set in two prosperous, alth… fictitious, orange-growing towns i… Paulo state.

The industry's exports are likely to… this year, perhaps as much as 36 perc… record $1.5 billion, said Jose Carlos… Gomes, president of the Brazilian tra… association for citrus juices.

To sell its growing production, Br… trying to diversify from its North A… can and European markets, and is tu… more toward Japan.

WORLD STOCKS

Agence France-Presse

Amsterdam

The booming West German stock market boosted Amsterdam issues last week, with the CBS general price index ending at 202.80, up from 200.10 the previous week.

For the year, Amsterdam shares increased in value by 21 percent. International stocks did particularly well, up 33 percent on average, while the financial sector performed below average at 15 percent.

Taking into account the weakness of the dollar and high interest rates, the Kempen & Co. brokerage said it was cautiously optimistic for the first weeks of 1990.

Frankfurt

The West German stock markets ended the year on a high note, setting 1989 records in only two days of trading last week. The DAX index closed the year Thursday at 1,790.37 points, up 93.99 points from the previous Friday.

"We are still feeling the shock of the opening of the East German border on Nov. 9, which brought foreign investors flocking to the Frankfurt market," one banker said. Strong foreign demand, particularly from Japan, was behind the year-end boom, he added.

Volume on West Germany's eight stock markets totaled 23.92 billion Deutsche marks for the shortened week, against 34 billion the previous week.

Blue chip stocks were most sought. Deutsche Bank gained 71.5 DM to 843, VEBA group up 96 at 732 and Seimens put on 47 to 725.

The scant ranks of losers included the steelmaker Hoesch, which lost 7 DM to 281, and the Horten retail chain, which shed 4 DM to 317.

Chemicals also showed well. BASF rose 14 to 300, Bayer was up 24 to 315.50 and Schering gained 34 to 833.

هدية من الأهل

BUSINESS BRIEFS

Major: 'Reasonable Period' for EMS

LONDON — Britain will join the European Monetary System as a full member "within a reasonable period of time," John Major, chancellor of the Exchequer, said Monday. He said the right moment hinged on inflation cuts and the liberalization of European economies.

Mr. Major acknowledged that there would be a poor economic growth rate in Britain during 1990, and he urged employers to limit raises so that high unemployment would not be the price of lower inflation.

Nissan Plans Second Mexico Plant

TOKYO (AFP) — Nissan Motor Co. plans to build a second Mexican plant, which will target exports, company executives said Sunday.

The plant in Aguascalientes, northwest of Mexico City, is to produce 100,000 small passenger cars and commercial vehicles a year, starting in 1992, they said. The cars will be mainly for export to the United States and Japan. Most of the 100,000 Nissan vehicles produced in Cuernavaca, south of Mexico City, are sold in Mexico.

U.S. Fur Retailer Seeks Protection

NEW YORK (LAT) — Antonovich Inc., one of three publicly owned fur retailers in the United States, filed for bankruptcy court protection. The filing Friday followed by a month an announcement that its rival Fur Vault Inc. put itself up for sale. The U.S. industry has been battered by slow sales and foreign competition, and it faces protests by animal rights activists.

Antonovich, which has nine stores in the New York area, declared assets of $18.9 million and liabilities of $20 million. The company lost $1.7 million on sales of $31 million in 1988 and is expected to post a 1989 loss.

Ueberroth Group Buys Hawaiian Air

NEWPORT BEACH, California (Reuters) — A group headed by the former baseball commissioner Peter V. Ueberroth and a California entrepreneur Thomas Talbot has purchased control of Hawaiian Airlines for $37 million.

The deal, announced Friday, gives the Talbot Group 85 percent of HAL Inc., which owns Hawaiian Airlines and West Maui Airport. Mr. Ueberroth led a group that bid $464 million to buy Eastern Airlines earlier this year.

Firm Cuts Rockefeller Center Stake

WASHINGTON (Reuters) — Harris Associates, a Chicago-based investment manager, said it sold 106,600 Rockefeller Center Properties Inc. shares, lowering its stake to 4.9 percent, or 1.86 million shares.

In a filing with the Securities and Exchange Commission on Friday, Harris said it sold the shares for $19.38 to $21.75 each. In a separate filing, Harris said it sold 15,900 shares in Detrex Corp., lowering its holdings to 9.9 percent, or 156,511 shares. Harris also sold 114,000 shares in Andover Bancorp Inc., reducing its stake to 8.2 percent, or 351,200 shares.

For the Record

The Economic Community of West African States officially began its program to liberalize trade among its 16 member nations on Monday. The program allows free movement of handicraft products, unprocessed goods and certain industrial products in the community, founded in 1975. *(AFP)*

Kay Cobbola, a Dallas businessman, said he would meet with creditors of Braniff Inc. on Wednesday to discuss buying the airline, but a spokesman for the Orlando, Florida-based carrier said he has not contacted it. Spokesmen for creditors of the carrier, which filed for Chapter 11 bankruptcy protection on Sept. 28, were not available for comment. *(Reuters)*

Greece Fund Inc., a closed-end mutual fund, filed with the Securities and Exchange Commission for an initial public offering of 5 million common shares at $12 each. The fund intends to invest in Greek stocks, according to the Friday filing. It may also invest in drachma-denominated bonds issued by companies or the Greek government. *(Reuters)*

Heck's Inc., unable to turn a profit despite emerging from federal bankruptcy court protection, announced plans to sell its retail operations, including 55 discount stores in six states, to Jordache Enterprises Inc. Heck's is to and concentrate on wholesaling automotive merchandise. *(AP)*

Fuel Cost May Boost Air Fares

By Agis Salpukas

New York Times Service

NEW YORK — Some U.S. airlines, including Trans World Airlines and Continental Airlines, are seriously considering raising fares or adding a surcharge to tickets to offset a sharp increase in fuel prices, people in the industry said Friday.

The increases — the amounts are not yet decided — would come just before the time of year when carriers have generally lowered fares.

And making higher fares stick could be particularly difficult this winter, when traffic is expected to be lighter than usual, in part because of an economic slowdown.

"Raising fares is the easy part; getting people to fly at the higher fares and maximizing revenue is the tough part," said Samuel Buttrick, an airline analyst for Kidder, Peabody & Co.

He said that the industry, spurred by discounts offered last week by Midway Airlines, had been forced to cut fares by as much as 30 percent in some markets, although the industry has generally been trying to avoid such cuts.

One person familiar with TWA's intentions, who asked not to be identified, said a fare increase or surcharge at the airline could begin as early as next week.

TWA added surcharges of $3 to $7 for fuel in June 1987 on domestic flights, and the rest of the industry followed. Unlike a fare increase, a surcharge would be considered temporary — until fuel prices drop again.

TWA has one of the oldest, least fuel-efficient fleets in the industry and is more affected by fuel-price increases than some other carriers.

A person familiar with Continental's operations said the airline was considering a surcharge for fuel.

The Air Transport Association, the industry's trade group, recently said that the average price paid for jet fuel had risen to 64 cents a gallon in October from 49 cents a gallon a year earlier.

Fuel accounts for about 15 percent of airline operating expenses.

Mike Derchin, the airline analyst for Drexel Burnham Lambert Inc., said operating expenses had been outpacing revenue growth.

In the third quarter, he said, revenues rose 3 percent while operating costs increased 9 percent, largely because of a fuel-price increase of 16.7 percent.

OIL: *Rising U.S. Imports Raise Fears of Dependence*

(Continued from first finance page)

Canada in the forefront of American suppliers.

Even a long war in the Persian Gulf between major oil producers, Iran and Iraq, failed to give oil much urgency as pipeline networks expanded, the Organization of Petroleum Exporting Countries fell into disarray over quotas and the United States endured a severe two-year recession.

In 1986, the price of oil collapsed, falling briefly in the spot market to less than $10 a barrel, from $27 at the beginning of 1986.

Meanwhile, the United States was building a strategic reserve along the coasts of Louisiana and Texas that now holds 580 million barrels — enough to replace all imports for about 80 days — and allies have also created stockpiles.

But with American production in the late 1980s slumping badly and the economy riding on seven years of practically uninterrupted growth, imports are again looming large.

At an average 7.3 million barrels a day in the four weeks ended Dec. 15, imports are about 500,000 barrels higher than a year ago and 1.2 million above the levels of November-December 1987.

Although imported oil costs the nation less than one-tenth as much as President Carter once feared it would cost by 1985, the $49 billion or so it will cost this year can only increase, many analysts agree.

Moreover, oil's proportion of the American trade deficit was more than 44 percent through the first 10 months of the 1989. In some months it was more than half.

Most worrisome to various analysts, however, is the prospect that OPEC appears to be regaining leverage as demand rises, particularly in the Third World and perhaps also before long in Eastern Europe, as production falls elsewhere.

Britain is now beyond peak output, and many specialists believe

'World oil consumption is again on the rise, and OPEC's dominance is being re-established.'

Jefferson Energy Foundation

that the Soviet Union, the world's biggest producer, may have to reduce exports even if it manages to keep output from falling.

To be sure, other industrial powerhouses like West Germany and Japan must import nearly all their oil. But they and most other countries tax it at near-punitive rates and use it much more sparingly.

OPEC had seen its share of the world market drop to less than a third in 1985, from about half during the 1970s. It is now benefiting handsomely, however, as strong demand has helped push the price back up to $22 a barrel.

"World oil consumption is again on the rise, and OPEC's dominance is being re-established," said the Jefferson Energy Foundation, a Washington group that promotes U.S. oil production.

What is more, some analysts note, the OPEC members in the Persian Gulf — Saudi Arabia, the United Arab Emirates, Kuwait, Iran and Iraq — are for various reasons becoming even more influential within the organization, at the expense of Indonesia, Nigeria and other members.

"There is general agreement that proven world oil reserves are adequate to meet world needs and U.S. import requirements for several decades," the Atlantic Council report said.

"However, production will become increasingly concentrated in a few countries, in particular the Arabian Gulf producers. This raises serious geopolitical issues for the U.S. and its allies as dependence on the Middle East grows.

"The cost of oil imports for the U.S. economy could double between now and the year 2000 — from eight-tenths of 1 percent of gross national product to 1.5 percent of GNP."

Edward H. Murphy, an official of the American Petroleum Institute, agreed that OPEC "is going to have more control in the '90s than in the '80s." The question, Mr. Murphy said, is whether it will be disciplined enough to bring about steady, albeit moderate, price increases over the long term or whether short-term demands for revenue could cause wild gyrations and instability.

Some, in fact, believe a capacity race has already begun within OPEC.

Bonds Slip, But Outlook For Rate Cut Still Bright

Compiled by Our Staff From Dispatches

NEW YORK — Treasury bond prices fell last week, despite perceptions the U.S. economy is weakening and interest rates are likely to decline.

The benchmark issue, the 8⅛ bond due in August 2019, fell to 101 23/32 from 102 25/32 a week earlier. At the lower price, the bonds yielded 7.97 percent, compared with 7.88 percent the Friday before. Nonetheless, the yield was more

U.S. CREDIT MARKETS

than one percentage point lower than the 8.99 percent return on 30-year issues at the end of 1988.

"There was a vicious sell-off for no reason Tuesday. We'll probably get to where we were prior to then, with the 30-year bond yield moving to 7.80-7.85 percent," said Stephen Slifer, economist for Shearson Lehman Government Securities.

"People think the economy is still weak and that the Fed will ease," he said.

In the short-term credit markets, the rate on interbank overnight loans was as high as 9.5 percent in late trading, but analysts said this was because of year-end technical factors. In fact, some banks that had excess reserves were said to be offering loans for as little as 7.5 percent.

A week earlier, these loans, called federal funds, ended at 8.188 percent. The fed funds rate is considered the basic cost of credit in the taxable U.S. markets.

Dealers cited unexpectedly large seasonal demands for credit for the high funds rate. Some expected this situation to carry over into next week. Many analysts also believe the Fed's current target for the funds is 8.25 percent.

The Fed tried to offset the high funds rate with large infusions of cash last week, including $2 billion added indirectly Thursday through customer repurchase agreements.

The market is expected to take its cue this week from the National Association of Purchasing Management's December data on the manufacturing sector, due Tuesday.

The puchasing managers report is expected to show the manufacturing economy contracting.

(NYT, Reuters)

Analysts Say U.S. Rates May Drop for 1st Half

Bottom May Hit in Summer or Fall

By Kenneth N. Gilpin

New York Times Service

NEW YORK — The gradual decline in U.S. interest rates that began last spring is likely to continue well into the first half of 1990, many credit analysts predict. By summer or early fall, however, the bottom will have been reached and a firming trend will emerge, they say.

As ever, the outlook for rates is heavily dependent on how the economy is expected to perform. And at the moment, the key economic indicators continue to suggest that growth, which was tepid at best in the fourth quarter, is not likely to show renewed signs of vigor until the second quarter at the earliest.

"We are looking for a slower economy in 1990, with most of the weakness in the first half," said Gary Schlossberg, chief economist at Wells Fargo Bank in San Francisco. "For the year, growth should be just under 2 percent, versus about 3 percent in 1989."

Though many economists expect a slowdown, as 1989 came to a close relatively few were forecasting that the economy would dip into recession this year. To a large extent, their confidence rests with the Federal Reserve Board.

The Fed, which has eased the overnight federal funds rate by 1.50 percentage points since last spring, to the current 8.25 percent, is expected to do more of the same in coming months.

"We think the odds on a recession are reasonably low," said Ram Bhagavatula, chief financial economist at Citicorp Investment Bank. "Excluding the housing and automotive sectors, things look OK."

Compared with the drop in 1989, however, additional declines in rates are likely to be modest. And unlike last year, analysts said the bulk of the improvement is apt to be in shorter-term maturities.

As a consequence, the difference between yields on short-term Treasury bills and notes and long-term bonds, the so-called yield curve, will become more positively sloped.

For much of last year the curve was stubbornly negative, meaning that short-term interest rates were higher than long-term bond yields.

"The Fed will have to continue easing," said Neil M. Soss, chief economist at First Boston Corp. "But longer-term interest rates will not respond basis-point-for-basis-point. As a consequence, the yield curve is likely to take on a positive slope in 1990."

By spring, some analysts said the Fed may have pushed the funds rate down to as low as 7.50 percent.

Mr. Soss and others cited the dollar and a stubbornly high level of inflation as two big reasons why long-term bond yields, which ended 1989 at just under 8 percent, will remain close to current levels even as short-term rates slide.

"The centerpoint for the 30-year Treasury bond will continue to be around 8 percent," said Leonard J. Santow, a managing director at Griggs & Santow Inc., a financial consulting firm.

"We seem to be sitting on an inflation rate that is running at between 4 percent and 4.5 percent, and that doesn't seem to be changing."

Donald J. Fine, chief market analyst at the Chase Manhattan Bank, said, "The 30-year bond can't really improve without a recession."

Most analysts expect the dollar to slip lower during 1990, but in order to prevent a free fall, as well as to attract much-needed foreign capital, long-term interest rates will have to remain higher than they might otherwise be.

Moreover, with interest rates on the rise in West Germany and Japan, the competition for capital is intensifying.

At the moment, analysts say, the factors that could alter the current forecast would, if realized, tend to push rates lower rather than higher.

Worries at the moment center on the market for high-yield "junk bonds," which suffered major reversals in 1989 and may face additional serious problems this year.

Mr. Soss of First Boston said, "We may have to be concerned with a continuing credit crunch where thrifts, banks and market participants take a more cautious view to stricter lending standards."

Steven Albert, director of high-yield research at Kidder Peabody & Co., said, "Going forward, we are going to see higher default rates. The focus in 1990 will be on making money on distressed merchandise, to mine through issues that are dramatically oversold and to look for the new deals that are truly good. It will be a sober, difficult year."

Mr. Albert said new issuance of high-yield securities is likely to fall further. According to Securities Data Co., new issues dipped by more than 8 percent from 1988 levels, to $25.3 billion, in 1989.

Euromarts At a Glance

Eurobond Yields

	Dec. 27	Dec. 29
U.S. $, 8 yrs & over	8.74	8.71
U.S. $, 5 to 7 yrs	8.65	8.56
U.S. $, less than 5 yrs	8.28	8.14
Pounds sterling, less than 5 yrs	12.69	12.69
French francs, less than 5 yrs	10.21	9.94
Ital. lire, less than 5 yrs	12.68	12.42
Danish krone, less than 5 yrs	10.75	10.73
ECU, 8 yrs & over	9.22	9.26
ECU, 5 to 7 yrs	9.32	9.35
Can. $, less than 5 yrs	11.44	11.43
Aus. $, less than 5 yrs	16.50	16.69
N.Z. $, less than 5 yrs	12.69	12.66
Yen, 5 to 7 yrs	6.08	6.09
Yen, less than 5 yrs	6.26	6.15

Source: Luxembourg Stock Exchange.

Weekly Sales — Dec. 29

Primary Market

	Cedel $	Cedel Nons	Euroclear $	Euroclear Nons
Straights	3.50	670.60	566.00	695.90
Convert.	—	0.10	—	—
FRNs	22.30	108.20	654.00	321.30
ECP	1,148.10	321.20	2,704.10	1,535.62
Total	1,184.10	1,125.10	3,918.10	2,547.52

Secondary Market

	Cedel $	Cedel Nons	Euroclear $	Euroclear Nons
Straights	3,545.80	5,680.80	n.a.	5,471.20
Convert.	145.00	399.60	762.80	222.10
FRNs	999.50	1,322.80	2,054.60	2,672.50
ECP	1,849.80	799.40	1,552.80	1,866.60
Total	6,566.10	8,202.60	4,370.20	10,233.46

Source: Euroclear, Cedel.

Libor Rates — Dec. 29

	1-month	3-month	6-month
U.S. $	8½	8⅜	8 5/16
Deutsche mark	8¼	8⅜	8 7/16
Pound sterling	15⅛	15¼	15 1/16
French franc	11¼	11 7/16	11 7/16
ECU	11 3/16	11⅜	11 7/16
Yen	6 11/16	6 15/16	6 15/16

Source: Morgan Guaranty, Lloyds Bank, Reuters.

Florida Chill Warms Brazil Citrus Growers' Hearts

By James Brooke

New York Times Service

RIO DE JANEIRO — The icicles dripping off frozen Florida oranges on Christmas weekend warmed hearts in Brazil, the world's largest producer of frozen orange juice.

Brazil supplies about half the orange juice consumed by Americans and accounts for three-quarters of the world market. Bolstered by a record orange crop this season, Brazil stands to profit handsomely from Florida's misfortune.

Nationwide, the orange has become such a symbol of easy wealth in Brazil that a popular soap opera, "The Savior of the Nation," is set in two prosperous, although fictitious, orange-growing towns in São Paulo state.

The industry's exports are likely to surge this year, perhaps as much as 36 percent, to a record $1.5 billion, said Jose Carlos Gonçalves, president of the Brazilian trade association for citrus juices.

To sell its growing production, Brazil is trying to diversify from its North American and European markets, and is turning more toward Japan.

The previous record for orange juice exports by Brazil, $1.4 billion in 1984, was the result of a Florida freeze.

Before the 1989 Florida freeze, Brazil cut orange juice prices, hoping to increase its market share and dispose of its huge crop. But it suspended export permits last Tuesday, hoping to force up the price of futures contracts for juice concentrate on the New York Cotton Exchange.

Of Brazil's predicted production of 900,000 tons this season, about 400,000 tons have been sold, giving growers and processors hopes for a windfall.

Prices for frozen concentrated orange juice for delivery in January soared 21 percent during the holiday-shortened four-day trading week, settling Friday at $1.6565 a pound on the New York exchange, compared with $1.37 a week earlier.

Concentrated largely in the frost-free interior of São Paulo state, Brazil's orange juice industry grew in the 1980s to become the source of the nation's third-largest agricultural export after coffee and soybeans, according to the foreign trade department of the state-owned Banco do Brasil.

The first significant exports started in 1962, the year of a Florida freeze. Benefiting from cheap land and labor, and helped initially with low-interest farm loans, Brazilian orange groves have steadily expanded. There are 175 million trees today, compared with 39 million in 1970 and 106 million in 1980.

The 1989-1990 crop — about 280 million 90-pound (40.9-kilogram) boxes — is expected to be about a third larger than last year's crop of 210 million. About 85 percent of the national crop is crushed into frozen concentrate for overseas export.

The two titans of Brazil's orange juice industry are Sucocitrico Cutrale SA and Citrosuco Paulista SA, which each account for about 28 percent of exports.

Other large operations are owned by Frutesp, with about 11 percent of exports, Cargill of the United States, with about 7 percent of exports, and Montecitrus with 6 percent.

In São Paulo state, 12 million trees were planted during the last crop year, double the rate of the early 1980s.

Three large projects are under way there: Citrol Bartol plans to build a $12 million orange juice processing factory; Royal Citrus is investing $25 million in a factory; and Votoranti Group plans to plant 3 million trees and build a $30 million factory.

Recently, the industry started spreading to areas in Brazil's south. This year, an orange juice concentrate factory opened in Rio de Janeiro state and over the next five years Paraña state is to benefit from a $150 million investment in plantations and a factory.

At the same time, the Brazilians are trying to diversify from their traditional markets in North America and Western Europe, which collectively receive 95 percent of the exports.

The best potential market appears to be Japan, which has promised to abolish its orange juice import barriers in 1992. In 1990, Brazil hopes to export 23,000 tons of juice to Japan, just under 3 percent of total exports.

Cargill, Citrosuco, and Cutrale are studying the feasibility of building an orange juice terminal in Japan. These three companies ship frozen concentrate in specially designed refrigeration tankers.

Drexel Takes Smaller Share Of Junk Sector

Reuters

NEW YORK — Drexel Burnham Lambert Inc. lost some of its commanding share of the U.S. junk-bond market in 1989 but, for the 10th straight year, the firm underwrote the most deals, IDD Information Services said Friday.

Drexel's market share fell to 38.7 percent from 42.8 percent in 1988, well below 67.7 percent in 1984, its best year. Overall issuance of the high-yielding but risky securities fell to $25.23 billion from $27.8 billion in 1988. High-grade bonds, not counting mortgage- and asset-backed debt, rose to $108.96 billion from $94.61 billion.

"In 1990, we look for a substantial decline in the issuance of new junk bonds," said John Lonski, senior economist at Moody's Investors Services Inc. Analysts said that will be a far cry from the booming market of the 1980s.

WALL STREET REVIEW

Figures as of close of trading Friday, Dec. 29.

NYSE Most Actives

	Vol.	High	Low	Last	Chng.
BritTel	116721	50¾	49	50½	+2
PhilMr s	64786	41¾	40	41⅝	+1½
BkNE	58157	9½	7¼	9⅜	+1⅞
SCEcp	51573	41	39⅜	39⅝	— ⅜
Navistr	47716	3⅞	3⅝	3⅞	
PanAm	47273	2⅝	2½	2⅝	+ ⅛
GerFd	47198	19½	14⅛	19¼	+5½
IBM	46767	95½	94	94⅛	—1¼
EKodak	39635	41¼	40½	41⅛	+ ⅜
Bevrly	37728	6¼	5⅝	6	+ ½
AT&T	37042	46⅛	44½	45½	+ ¾
Exxon	33767	50⅝	49⅞	50	— ⅜
Disney	33084	115	105¾	112	—2½
UCarb	31890	23¾	22⅞	23¼	+ ⅜
CmwE	31315	37⅝	35¾	37⅜	+1½
Unisys	29565	15⅛	14⅛	14¾	+ ¼
Chase	28468	35⅛	34¼	34⅜	+ ¼
MIN	28324	8⅝	8⅛	8¼	
Chryslr	28132	19⅝	18⅝	19	+ ⅜
LA Gr s	27594	34⅛	28⅛	31⅛	— ⅛
vjLTV	26326	1⅜	1⅛	1⅛	— ⅛
Sears	25910	38⅛	36¾	38⅛	+1⅜
AmExp	25298	34⅞	31⅝	34⅞	+3¼
FdNM s	25052	34¾	32½	33⅞	— ⅞
BankTr	24823	41¾	40½	41⅝	+ ¾

AMEX Most Actives

	Vol.	High	Low	Last	Chng.
WangB	23175	5⅛	4¾	5⅛	
TexAir	19388	12	11⅜	11½	— ¼
FruitL	15042	14⅝	13¼	14⅝	+1⅜
IntTich	14673	4⅛	3	3½	+ ½
TIE	14100	1¼	1	1	— ¼
ENSCO	13345	4⅝	4½	4⅝	+ ¼
Amdhl	11036	14⅞	12⅞	14⅞	+1⅞
BAT In	10096	13½	13⅛	13⅜	+ ⅛
EchoBy	9093	18½	17¾	18⅛	— ⅜
DowC rt	6758	8⅝	8⅛	8¼	— ½
HltMd	6575	3⅛	2¾	3⅛	+ ⅛
JanBell	6491	26	22⅛	25⅛	+2⅞
PegGld	6100	13½	12⅜	13½	— ¼
WDigitl	6062	8¾	7⅝	8⅝	+ ⅜
Diasonc	5675	4⅛	3¾	4⅞	+ ⅞
Clabr pf	5243	1⅛	1	1	— ⅛
PrcCm s	5232	6	4⅞	6	+1⅜
HomeSh	5024	7⅝	7¼	7¼	— ⅛
BairPh	5006	18⅞	17¼	18¼	+ ⅞
Hltvst	4375	4⅞	3¾	4¼	+ ¼
BergB s	4041	24½	22¼	24⅞	+1¾
A-Ibm sc	3937	8⅛	7⅝	7⅝	— ⅜
NVR s	3673	5⅜	4¾	5	— ¼
ICH	3650	5⅞	5⅛	5⅞	+ ¾
DWG	3633	12¾	12	12	— ¾

U.S. Treasury Bonds — Dec. 29

Maturity	Close Bid	Close Ask	Yield	Wk.-ago yield
31.12.91	99 19/32	99 20/32	7.85	7.74
15.11.92	99 22/32	99 23/32	7.87	7.78
31.12.93	99 7/32	99 9/32	7.86	7.74
15.02.95	99 14/32	99 18/32	7.86	7.76
15.10.96	100 5/32	100 7/32	7.97	7.86
15.11.99	99 21/32	99 23/32	7.92	7.81
15.02.06	111 18/32	111 22/32	8.08	7.96
15.08.19	101 22/32	101 24/32	7.97	7.88

Source: Salomon Inc.

U.S. Consumer Rates — Dec. 29

Tax Exempt Bonds — Bond Buyer 20-Bond Index	7.25 %
Money Market Funds — Donoghue's 7-Day Average	8.19 %
Bank Money Market Accounts — Bank Rate Monitor Index	6.35 %
Home Mortgage, FHLB average	9.78 %

Source: New York Times.

NYSE Sales

	Sales Vol.
Total for week	485,310,000
Week ago	843,500,000
Year ago	454,420,000
Two years ago	562,220,000
Jan 1 to date	41,498,530,150
1988 to date	40,438,346,358
1987 to date	47,801,308,660

AMEX Sales

	Sales Vol.
Total for week	50,760,000
Week ago	64,040,000
Year ago	46,430,000
Jan 1 to date	3,125,030,000
1988 to date	2,515,210,000

NYSE Diaries

	This Wk	Last Wk
Advanced	1248	
Declined	583	
Unchanged	301	
Total Issues	2132	
New Highs	163	
New Lows	116	

AMEX Diaries

	This Wk	Last Wk
Advanced	471	
Declined	330	
Unchanged	201	
Total Issues	1002	
New Highs	35	
New Lows	84	

WORLD STOCKS IN REVIEW

Via Agence France-Presse

Amsterdam

The booming West German stock market boosted Amsterdam issues last week, with the CBS general price index ending at 202.80, up from 200.10 the previous week.

For the year, Amsterdam shares increased in value by 21 percent. International stocks did particularly well, up 33 percent on average, while the financial sector performed below average at 15 percent.

Taking into account the weakness of the dollar and high interest rates, the Kempen & Co. brokerage said it was cautiously optimistic for the first weeks of 1990.

Frankfurt

The West German stock markets ended the year on a high note, setting 1989 records in only two days of trading last week. The DAX index closed the year Thursday at 1,790.37 points, up 93.99 points over the previous Friday.

"We are still feeling the shock of the opening of the East German border on Nov. 9, which brought foreign investors flocking to the Frankfurt market," one banker said. Strong foreign demand, particularly from Japan, was behind the year-end boom, he added.

Volume on West Germany's eight stock markets totaled 23.92 billion Deutsche marks for the shortened week, against 34 billion the previous week.

Blue chip stocks were most sought. Deutsche Bank gained 71.5 DM to 843, VEBA group up 96 at 382 and Siemens put on 47 to 725.

The scant ranks of losers included the steelmaker Hoesch, which lost 7 DM to 281, and the Horten retail chain, which shed 4 DM to 317.

Chemicals also showed well. BASF rose 14 to 300, Bayer was up 24 to 315.50 and Schering gained 34 to 833.

Hong Kong

Uncertain political developments in China prompted a selling spree. The Hang Seng Index lost 84.45 points, to 2,836.57 points, after gaining 24.45 points the previous week. The broader-based Hong Kong Index plunged 56.89 points, to 1,861.33, following a rise of 14.69 points.

Average daily volume rose to 780 million Hong Kong dollars from 774 million.

Most of the decline came on Friday, amid rumors of a tense atmosphere in Beijing.

London

London shares enjoyed a buoyant three-day session last week. The Financial Times 100-stock index rose 60.7 points, to 2,422.7.

Prices were boosted by strong performances overseas, and sellers failed to emerge. Better-than-expected trade figures for November provided an additional boost on Friday. The rally began Wednesday with futures-related buying.

Speculative activity encouraged the insurance sector in particular, while building issues were also major gainers on hopes of big contracts from the newly liberalized economies of Eastern Europe. Firm crude prices boosted oil stocks.

Milan

Milan's MIB index edged up 0.61 percent, to 1,158 on Friday, bringing its gain for the year to 0.61 percent.

With only three days trading because of the holidays, volume was reduced to a daily average of 27 million shares with a value of 110 billion lire, against 57 million shares worth 210 billion lire the previous week.

Dealers said volume was limited by bank-staff strikes. When trading resumes on Jan. 2, brokers are to delay work for 20 minutes at the start of the day to protest the government's delay in voting on stock market reform.

Mondadori was the most sought after stock as the battle heightened for control of the publisher between Silvio Berlusconi and Carlo De Benedetti. After a spectacular rise in early trading it was later suspended by the exchange authorities.

Among other blue chips, Montedison rose 1.56 percent, Enimont 1.35 percent, Fiat 0.14 percent, Generali 0.57 percent and CIR 0.20 percent.

Paris

The Paris bourse index reached a record last week, though dealers said much of the late improvement was technical.

The CAC ended the week at a record 2,001.08, showing a 27 percent gain for the year. But the announcement of a French trade deficit in October of 8.7 billion francs, against a two billion surplus in September, heightened fears of an increase in interest rates.

Pechelbronn, a holding company undergoing restructuring was actively traded and ended the week at 1,640 francs. Galeries Lafayette was also sought and closed the week at 2,020 francs, gaining 22.10 on the final day.

Singapore

Prices ended mixed, with year-end caution balanced by bargain-hunting. The Straits Times industrial index fell 3.24 points, to 1,481.33 points, while the SES all-share index added 1.49 points, to 388.24.

The close of trading Friday brought to an end the 16-year association with the Malaysian market.

Volume for the four-day week rose to 462.69 million shares valued at 624.77 million dollars, compared with the previous week's volume of 447.1 million shares worth 882.1 million dollars.

Tokyo

The Nikkei Stock Average ended the year at a record of 38,915.87, a 875.50-point gain for the week. In the previous week, it had fallen 230.67 points.

The broader-based Tokyo Stock Price Index of all common stocks rose 70.63 points, to 2,881.37, but it fell short of the record 2,884.80 set Dec. 18. The index had suffered a 63.82 point setback the previous week.

Average daily volume fell to 633.7 million shares from 825.8 million shares.

The Nikkei price index rose 29.4 percent rise over the year. The market absorbed unfavorable factors such as the death of Emperor Hirohito, the ruling Liberal Democratic Party's electoral defeat and three increases of the discount rate.

Capitalization of the market increased more than 100 trillion yen during year. The value of all shares on the market's first and second section as of last Thursday stood at 603.57 trillion yen.

Zurich

Prices rose, with a boost from Japanese investors targeting blue-chip issues and banks.

The Swiss performance index closed at 1,137.9, up from 1,124. The Swiss Banking Corp. indicator was up to 661.1 from 653.5. Over the year, the Swiss performance index gained 183 points.

Dealers said the indexes should continue to rise in coming weeks.

Merrill's Lead In Underwriting Dwindled in 1989

Reuters

NEW YORK — Merrill Lynch Capital Markets lost some of its share of the U.S. equity market in 1989, but still held its first place position in underwritings, IDD Information Services reported.

IDD said Friday that Merrill's market share fell to 16.9 percent in 1989 from 20 percent in 1988.

IDD, a research firm, said the year's equity volume fell to $30.7 billion from $37.2 billion in 1988. That includes preferred stock and convertible preferred stock.

Common stock accounted for $23.1 billion in 1989 and $29.82 billion in 1988.

INTERNATIONAL CLASSIFIED

Continued from Back Page

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NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Dec. 29.

(Continued on next page)

Bond Corp. S… Creditors on…

Reuters

SYDNEY — An Australian court on Tuesday is expected to hear a petition by the state-owned Western Australian State Government Insurance Commission seeking overdue interest payments from Bond Corp. Holdings.

Bond Corp. lawyers will also appear in a different court making a second attempt to set aside a court order putting the company's Australian brewery interests into receivership. A previous was bid to overturn the decision was rejected.

"If we can't overturn the decision on Tuesday, then it would be very bad news," said Peter Lucas, a Bond Corp. director. Bond Corp. says the receivership could trigger obligations to repay additional loans. Bond reportedly has debts of more than six billion Australian dollars ($4.72 billion).

Margaret Sullivan, a spokeswoman for the insurance commission, said the court action was over interest payments on $150 million of convertible notes it holds in the Bond subsidiary, Bell Group Ltd., and to seek reimbursement for Bell Group shares it has sold.

Korea and Du…

Reuters

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EUROBONDS
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NASDAQ NATIO…

OTC Consolidated trading for week ended Friday, Dec. 29.

(Continued)

AMERICAN EX…

Figures as of close of trading Friday, Dec. 29.

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Bond Corp. Set to Fight Creditors on 2 Fronts

Reuters

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Margaret Sullivan, a spokeswoman for the insurance commission, said the court action was over interest payments on $150 million of convertible notes it holds in the Bond subsidiary, Bell Group Ltd., and to seek reimbursement for Bell Group shares it has sold.

The commission has about 19 percent of Bell Group's shares, and is already fighting another court battle with Bond on a disputed agreement for Bond to buy the holding at 2.70 dollars per share, more than 2.30 dollars above current market prices.

Mr. Lucas said he did not expect the court to grant the commission's petition until the earlier case had been resolved.

Bond Corp. was reportedly attempting over the New Year holiday to persuade other creditors not to follow the lead of National Australia Bank, which won the appointment of receivers in a decision by the Victoria Supreme Court on Friday.

The bank took the action to stop Bond Corp. from repaying $42.5 million due to holders of about 800 million dollars of the company's convertible notes on Friday.

Mr. Lucas said that as a result, even if the receivership was rescinded it was unclear whether that payment could be completed, although Bond Corp. had the funds available for it.

Murdoch Deal In Hong Kong Is Reported

Agence France-Presse

HONG KONG — Rupert Murdoch is to buy a leading Hong Kong Chinese-language newspaper for 1.1 billion Hong Kong dollars ($141 million), a published report said here.

The report on Sunday in Sing Tao, an evening newspaper, said that Mr. Murdoch had reached an agreement to buy the daily Ming Pao from Louis Cha, its owner.

Mr. Murdoch's News Corp. already owns the territory's biggest English-language paper, the South China Morning Post. Mr. Murdoch has extensive newspaper and broadcasting holdings in the United States, Australia and Britain.

Sing Tao said Mr. Cha was refusing to comment on the reported deal, and staff at the paper said they knew nothing of it. No one was available to comment at News Corp.'s Australian headquarters.

U.S. Soup Makers Splash Into Hot Noodle Market

By Eben Shapiro
New York Times Service

CHICAGO — It happened in automobiles. It happened in computer chips.

And once again, after years of ignoring foreign competitors, U.S. companies are waking up to a hot market.

The product this time is the instant noodle soup, known as ramen.

Asian companies have been selling it in the United States for years, and American appetite for the inexpensive product has grown steadily.

Now, reluctantly, the big U.S. soup companies are entering this end of the dry-soup business, which has never appealed to them because of its low profit margins.

"It is growing so big that they cannot ignore it any longer," said Mike Sakai, senior marketing manager of the Nissin Foods USA Co., the leading ramen maker in the United States and a subsidiary of Japan's Nissin Food Products Co.

Ramen — the word is Japanese, referring to a broth with noodles — features thin, tightly curled noodles and has been one of the leading fast foods of Asia since World War II.

Selling for 10 cents to 75 cents a package in the United States, it now accounts for 73 percent of United States dry-soup sales, by volume, in a segment of the market that also includes nonramen products made by Campbell Soup Co., Thomas J. Lipton Inc. and CPC International Inc.

Campbell, one of the world's largest soup companies, still does not have a ramen product in its national line.

After nearly two years of testing in Denver, the company is still tinkering with its product and marketing strategy.

And Lipton, which once dominated the dry soup category, only recently rolled out its Lots-a-Noodles instant Oriental soup nationally.

America's soup experts may still be evaluating the market for the convenient noodle soups, but American consumers have already slurped loudly.

Dry soups account for $522 million of the $2.4 billion soup market in the United States.

In the last 12 months, sales of ramen amounted to $245 million, or almost half the dry-soup market by revenue.

Because of its low price and ease of preparation, many consumers first acquired their taste for ramen while in college. But ramen makers now say that a broad section of the population buys the soup.

Ramen's intense taste, as much as its low price, helps account for its popularity. In many brands, salt and monosodium glutamate are the key ingredients, enhancing the soup's flavor.

Despite ramen's growing popularity, there is reason for the tentative approach of the domestic soup makers.

"How much money can you make on a package of soup that costs 15 cents?" asked a spokesman for Pet Inc., the Whitman Corp. division that markets Progresso soups. "That's just not the kind of business we want to be in," said Syl Stevenson, vice president of marketing for Pet.

The field is dominated by Nissin Foods.

The founder of the company's $1.2 billion Japanese parent, Momofuku Ando, is given credit for inventing the soup's key ingredient, noodles that cook in three minutes.

Nissin controls 15 percent of the world's $10 billion market for ramen products, said Mr. Sakai.

Nissin introduced ramen to the United States in 1970. But lower-priced rivals have made inroads. "We used to own the whole United States," Mr. Sakaia said. "Now our market share is only 46 percent."

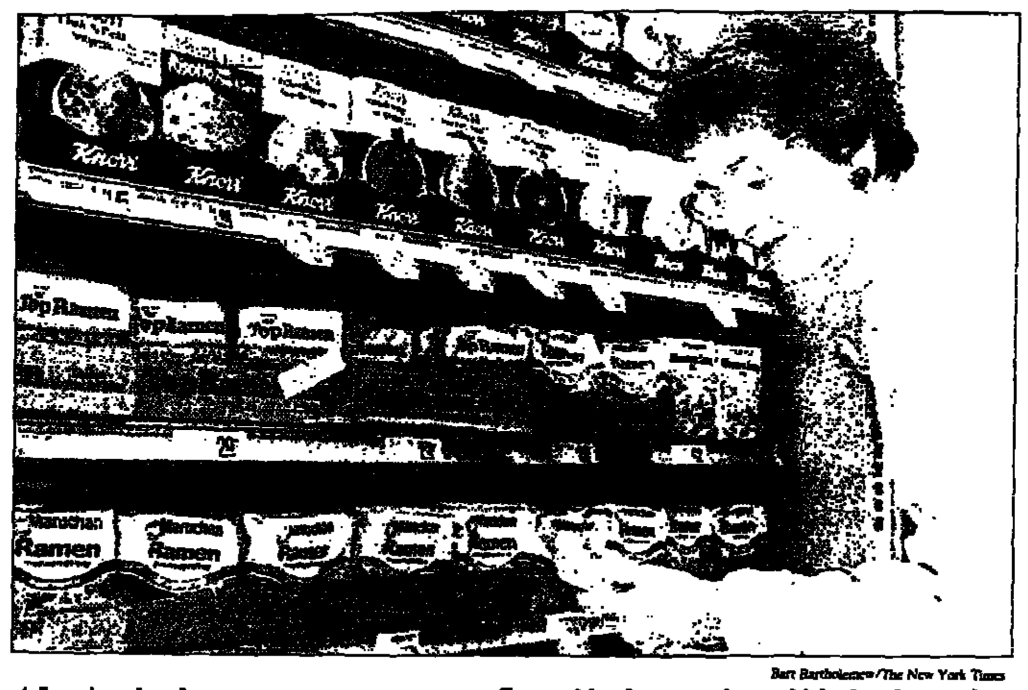
Competition has grown so fierce that a package of noodles retailing for 59 cents is considered a high-end product. The average wholesale price is $3 for a 24-package case. That translates into four-for-a-dollar specials at grocery stores.

But in some markets, prices have been slashed to as low as $1.90 a case, which results in the 10-for-a-dollar prices that have discouraged the domestic food manufacturers.

Mr. Sakai said the cutthroat pricing was hurting Nissin's margins and had forced the company to curtail its advertising when expanding into new markets.

"It is very tough to make a profit in this business," said Jay Piz, marketing manager of Union Foods, a California ramen maker started by Korean immigrants.

Twice in the past decade, Lipton has tested ramen product, with unsuccessful results, people in the industry said.



Bart Bartholomew/The New York Times

A Los Angeles shopper compares ramen soups. Competition has cut prices, which already were low.

Lipton, a private company, would respond only in a general way to questions on its ramen strategy. The company, which sells Wishbone salad dressing in addition to its soups and beverages, earned $125 million on $1.3 billion in sales in 1988, according to a spokesman.

As for Campbell, some analysts think the company has waited too long to enter the category.

"I suspect they didn't take it seriously for a long period," said Ronald L. Strauss, an analyst with William Blair & Co.

Campbell has fallen prey to "the Goliath syndrome," said Joe Grimes, a consultant with McMillan/Doolittle, a retail consulting firm. Mr. Grimes said that a company that dominates a market sector often will initially treat as insignificant popular new products by unknown rivals.

While Campbell executives denied they were entering the category too late, Michael Gummeson, the executive responsible for the development of a ramen product, conceded, "What we are trying to do today would be a lot easier if we had a few more years behind us."

In the spring of 1988, the company began test marketing an innovative ramen noodle in Denver. In advertising and on the package, Campbell promoted its ramen as "air dried, not fat fried."

The probem was that most consumers were not aware that ramen noodles are deep fried and therefore did not understand the health benefits of the air-dried product.

The company introduced new packaging in Denver last month that reads "80 percent less fat."

But Campbell also learned that consumers like the taste of fat-fried noodles. When Campbell expanded its test into the Midwest this fall, it offered a fat-fried noodle.

Campbell's deliberate approach is a marked change from the early 1980s, when the company rushed a number of new products to market.

"The whole food industry is trying to be a lot more rational and careful about introducing new products," said Mr. Gummeson.

In the financial year that ended July 30, Campbell earned $13.1 million, or 10 cents a share, on sales of $5.7 billion. The company has been under pressure to improve its profitability, a situation that led to the departure of its chief executive, R. Gordon McGovern, on Nov. 1.

Nissin and other major ramen makers said they were looking forward to the heavy advertising that the arrival of the domestic soup companies brings to a category. Nissin is the only company doing national advertising, he said.

"That will help us in terms of national category development," Mr. Sakai said.

Nissin is attempting to increase margins by developing a more expensive line of ramen soups that come in cups. Asian ramen makers have offered cup products since 1974.

Observers said that upgrading these products — adding more meat and richer broth and raising the price significantly — will be the best way to make money in the ramen business.

Campbell will likely follow the same approach, making improvements in packaging and product quality to command higher prices.

Still, a primary reason for ramen's popularity is its low price.

For executives at Campbell, the Asian challenge has implications beyond dry soup. At a news conference in Chicago last fall, a Campbell executive vice president, Herbert M. Baum, compared the Japanese approach to the ramen business to early forays by the Japanese into the automobile business and the electronics business.

In each case, he said, Japanese companies won market share by introducing a quality product at the low end of the market, then worked up to more expensive products.

Korea and Du Pont End Dispute on Plant

Reuters

SEOUL — Du Pont Co. has been granted permission to build a titanium dioxide plant in South Korea, ending a four-year dispute over environmental pollution, finance ministry officials said.

They said Deputy Prime Minister Cho Soon and other economic ministers decided during a meeting on Friday to approve the joint venture by Du Pont and a Korean partner, Hanyang Chemical Co.

The approval was made on condition that Du Pont bury its toxic waste in designated land sites and not recycle waste materials to manufacture by-products.

Titanium dioxide is a chemical used to whiten paints, rubber, plastics, paper and foods.

Du Pont will undertake 80 percent of the total investment, putting about $77.6 million into the plant, a ministry official said. The plant will have an annual production capacity of 60,000 tons.

Du Pont submitted its application to set up the plant in 1986 but was turned down on the grounds that the factory would cause air and water pollution. It refiled the application in December 1988.

The issue mushroomed into a trade conflict between Washington and Seoul, capped by the October visit of the U.S. trade representative, Carla A. Hills, who threatened South Korea with trade sanctions if it did not permit the entry of Du Pont and Cargill Corp., a U.S. company seeking to produce soybean oil there.

"We reached the decision not just because of U.S. pressure but also to satisfy growing local demand for titanium dioxide, which is a totally imported chemical," one finance ministry official said.

■ Blood-Screening Deal

Chiron Corp. and Ortho Diagnostic Systems Inc., a unit of Johnson & Johnson, said Friday that they expected to reach agreement to purchase most of Du Pont's AIDS and hepatitis blood-screening business, The New York Times reported from San Francisco.

Du Pont's business markets tests for AIDS and hepatitis to the blood-bank industry and had 1989 sales of more than $40 million.

Ortho and Chiron are introducing the first test for antibodies to hepatitis C, formerly known as non-A, non-B hepatitis, a virus discovered by Chiron.

EUROBONDS
BY CARL GEWIRTZ
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ART: *Japan Opens Up*

(Continued from first finance page)

Japan, a newly established subsidiary of the Geneva-based auctioneer, sold almost all of its offered lots in classic watches and lighters, but less than half of 54 oils and gouaches by Salvador Dali.

"We expected more, but we saw our first sale as a test," said Olivier Blanc, Habsburg Feldman's Tokyo representative. "We need to learn what the market wants first, but we're expecting a lot here once we do."

Certainly, there is no sign that Japan's longstanding interest in the Impressionists is flagging, despite the sky-high levels to which prices have been pushed by Japanese buyers themselves. But art experts also assert that tastes are inevitably broadening simply because favorites such as Renoir and Monet are becoming out of reach.

Auction houses are also hoping their increasing involvement in Japan will help develop an international market for modern Japanese painting. In New York in October, Christie's held its most successful sale ever in this category.

Koreans Charged in U.S. Shoe Case

By Ronald L. Soble
Los Angeles Times Service

WASHINGTON — Eighteen persons from South Korea and the United States have been charged by a federal grand jury with engaging in a worldwide conspiracy to market counterfeit merchandise, including millions of pairs of sneakers bearing such trendy labels as Reebok, Converse and L.A. Gear.

The government investigation, coordinated by federal prosecutors in Arizona and by the U.S. Customs Service, began in August, when 385 cartons of counterfeit footware bound for Mexico were stopped by Mexican authorities at the U.S. port of entry at Nogales, Arizona.

Millions of counterfeit sneakers were distributed in the United States over the past two years, said Stephen M. McNamee, the U.S. attorney for Arizona, where the 18-count indictment was returned on Friday. He said the shoes were produced in South Korea.

Staggering losses have been sustained in recent years by a number of American and foreign companies that have seen their products — from sneakers to expensive Rolex watches — copied and sold at bargain prices.

Pirating of consumer and industrial goods costs U.S. business more than $20 billion a year, according to estimates by government trade officials. American producers have alleged in recent years that the biggest offenders are manufacturers located in South Korea, Taiwan, Singapore and Indonesia.

Much of the spadework for the federal indictment by a federal grand jury in Phoenix was done by a privately held Southern California footware producer, Van Doren Rubber Co. of Orange County, whose $55 million in annual sales pales beside the billion-dollar-plus annual operations of its giant competitors. The August seizure that sparked the investigation involved counterfeit shoes supposedly produced under the Orange County company's Vans label.

"We've had people copying our shoes for 12 years," said Steven Van Doren, who oversees the 24-year-old company's foreign sales.

The company was enjoying good sales in Mexico, he said, when it recently found that sneaker pirates were cutting into its business. It investigated and found that its sneakers, which sell for about $32 a pair, were being marketed for less than half that price.

Mr. Van Doren said that his company then shared its investigative information with some of its bigger competitors. Reebok and Converse, which have more clout to go after the offenders.

Indicted on charges of trademark violations and money laundering of the profits was an alleged kingpin of the pirate sneaker operation, the South Korean businessman Dae Yun Hwang, president and chief operating officer of Royal Trading Corp. and Mi Ju Trading Corp. of Pusan.

Seventeen other individuals were named in the indictment, including three other South Koreans, two Mexican nationals and eight persons from San Diego.

The individuals sold "large quantities of footwear and other merchandise manufactured in Korea and elsewhere bearing counterfeit trademarks, by means of false and fraudulent practices," the indictment said.

NASDAQ NATIONAL MARKET

OTC Consolidated trading for week ended Friday, Dec. 29.

(Continued)

	Sales in 100s	High	Low	Close	Net Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICAN EXCHANGE OPTIONS

Figures as of close of trading Friday, Dec. 29.

Option & price		Calls		Puts	
		Jan	Feb	Jan	Feb
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Volume: 96,054
Open Interest: 2,438,510
r—Not traded. s—None offered. o—Old.

CHICAGO EXCHANGE OPTIONS

Figures as of close of trading Friday, Dec. 29.

Option & price		Calls		Puts	
		Jan	Feb	Jan	Feb
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total Volume: 196,226
Open Interest: 4,625,141
r—Not traded. s—None offered. o—Old.

SPORTS

Rams Put 21-7 Chill on Eagles To Win NFC Wild-Card Game

By Frank Litsky
New York Times Service

PHILADELPHIA — The Los Angeles Rams made big pass plays, two for touchdowns. They ran for 144 yards, Greg Bell sprinting 54 to set up the clinching touchdown.

And their offensive line and defensive gimmicks contributed mightily Sunday as they upset the Philadelphia Eagles, 21-7, in the National Conference wild-card game of the National Football League playoffs.

When the Rams had the ball, their veteran offensive line controlled the Eagles' celebrated front four, gave Jim Everett enough time to pass and allowed Bell to carry 27 times for 124 yards.

When the Eagles had the ball, the pass defense, which ranked last this season in the National Football League, kept them pinned.

Injuries had decimated the Rams' defensive line, so in passing situations they used five linebackers, six defensive backs and no defensive linemen. And they played a zone defense on every play, never covering man to man.

NFC PLAYOFFS

"I think that frustrated Randall Cunningham," said the Rams' coach, John Robinson.

The Eagles' quarterback agreed.

"They took our wideouts away and our passing game away," Cunningham said.

The Rams and the Eagles finished the regular season with 11-5 records, but the Eagles were 2½-point favorites Sunday partly because they were playing at home and partly because in previous years the Rams' playoff record in cold weather was 0-9.

The weather here was unfit for a team from southern California, with the game played in a just-above-freezing drizzle, a light wind and fog. The field was so icy and slippery that, in the first quarter, Cunningham switched a shoe, putting a white one with better traction on his right foot to go with the black shoe on his left.

However, the uncomfortable team was not the Rams but the Eagles.

In the first five minutes, Everett completed four of four passes for 108 yards and a touchdown.

By the end of the first quarter, he was 7 of 11 for 173 yards and two touchdowns, the Rams had a 14-0 lead and the Eagles had a total offense of minus-2 yards.

The Rams had taken the opening kickoff and driven 83 yards in five plays. The touchdown came on Everett's 39-yard pass to Henry Ellard, who outjumped Izel Jenkins for the ball.

The next time the Rams had the ball, they drove 46 yards in seven plays, the last four yards coming on Everett's pass to Damone Johnson.

The game appeared to be a runaway, but the momentum faded.

"It was human error," Everett said, "my interception, Greg's fumble."

"All of a sudden," Robinson said, "there was a lot of 'uh oh' going on."

The Eagles finally got moving in the late third and early fourth quarters on Cunningham's short passes.

They finished an 80-yard drive with Anthony Toney's one-yard run and were back in the game, trailing by 14-7.

But with three minutes left in the game, the Rams gave themselves breathing room.

From their 36-yard line, on second down with 10 yards to go for a first down, Bell ran to the Eagles' 10. Two plays later, he ran seven yards for an insurance touchdown.

The 54-yard run was a straight I-formation dive up the middle. The Eagles called a blitz on the play, with Al Harris, an outside linebacker, going inside and Clyde Simmons, a defensive end, acting as a blitzing linebacker.

When Bell cut, Harris tried to fill the hole. Bell dipped to the outside and was gone until Jenkins caught him.

"One player had containment," said said the Eagles' coach, Buddy Ryan, "and instead of keeping it, he tried to make a play and he didn't make a play and the guy made a long run. That came from just trying to make something happen, and you can't get down on something like that because we were trying to win the ball game and that was about the only way we could do it."

NFL Playoff Picture

Wild-Card Games

NFC

● LOS ANGELES RAMS 21, PHILADELPHIA EAGLES 7

AFC

● PITTSBURGH STEELERS 26, HOUSTON OILERS 23 (OT)

Divisional Playoffs

AFC

● BUFFALO BILLS (9-7) at CLEVELAND BROWNS (9-6-1): Saturday, Jan. 6, 12:30 P.M. EST.

● PITTSBURGH STEELERS (10-7) at DENVER BRONCOS (12-4): Sunday, Jan. 7, 4 P.M. EST.

NFC

● MINNESOTA VIKINGS (10-6) at SAN FRANCISCO 49ERS (14-2): Saturday, Jan. 6, 4 P.M. EST.

● LOS ANGELES RAMS (12-5) at NEW YORK GIANTS (12-4): Sunday, Jan. 7, 12:30 P.M. EST.

Conference Titles

Sunday, Jan. 14

Super Bowl XXIV

Sunday, Jan. 28

Mark Lennihan/The Associated Press

Greg Bell, diving for a first down, gained 124 yards for the Rams, sprinting 54 to set up the clinching touchdown, which he scored.

Steelers Defeat Oilers in AFC On Anderson's 50-Yard Kick

By Michael Wilbon
Washington Post Service

HOUSTON — Several of the home team's players lay at midfield, the frustration of an unfulfilled season painfully realized.

Three minutes, 26 seconds into overtime, on the nice even carpet of the windless Astrodome, the Pittsburgh Steelers' Gary Anderson had kicked a 50-yard field goal — his longest this season — for a 26-23 upset of the Houston Oilers on Sunday in the American Conference wild-card game of the National Football League's playoffs.

AFC PLAYOFFS

The Oilers held a 23-16 lead with six minutes left in regulation on Warren Moon's 13-yard touchdown pass to Ernest Givins. But the Steelers (10-7), the team with the worst offense in the NFL, moved 82 yards to tie on Merril Hoge's one-yard touchdown run with 49 seconds left.

The Steelers also won the toss in overtime and chose to receive. But they couldn't move the ball and appeared to be in trouble when a short punt left the Oilers (9-8) only 46 yards from the end zone.

Then Houston's Lorenzo White fumbled when hit by cornerback Rod Woodson, who recovered at the Oilers' 46. After an 11-yard run by Hoge, who finished with 100 yards rushing, the Steelers ran three more plays to the 33. And Anderson, one of the league's most accurate kickers, made the game-winner with plenty to spare.

As the Oilers and a shocked crowd of 58,306 stood in despair, two police guards escorted Jerry Glanville from the field in what might have been his last game as coach of the Oilers. Reports in Houston had either the former Texas A&M coach Jackie Sherrill or Wade Phillips, the Denver Broncos' defensive coordinator, replacing Glanville if the Oilers lost Sunday.

Meanwhile, the Steelers and their coach, Chuck Noll, advanced to next week's AFC semifinal game against the Broncos in Denver.

The Oilers had gotten the ball first, but stalled when Alonzo Highsmith dropped a screen pass. Glanville then elected to have Tony Zendejas try a 55-yard field goal, which barely reached the end zone and was about 15 yards wide.

Boos cascaded from the Astrodome, the first on a day when almost every decision Glanville made was critiqued. That Sherrill — a friend of team owner Bud Adams — was in the press box before the game didn't help squash reports that Glanville was in trouble.

The booing was renewed when Houston punter Greg Montgomery had his kick blocked by Jerry Olsavsky at the Oilers' 32.

On the next play, Tim Worley ran 14 yards on a reverse to the 18. A third-down pass to receiver Mark Stock left Pittsburgh with fourth and one at the nine. Noll, far from predictable, called for a pitchout instead of plunging a back into the middle of the line or having Anderson try a short field goal.

Worley scored, making the gamble pay off, and the Oilers' problems continued on the kickoff: White let the ball bounce over his head, then picked it up six yards into the end zone and was tackled at the five.

On first down, Moon dodged a tackle in the end zone that would have resulted in a safety and found Mike Rozier open for a five-yard gain. That started a drive in which Moon completed 10 of 14 passes for 97 yards. But Curtis Duncan dropped a wide-open, would-be touchdown pass, then came a holding penalty, and the 87-yard march ended when Moon threw incomplete and Houston settled for Zendejas's 26-yard field goal.

Trailing, 7-3, midway through the second quarter, the Oilers were still looking for a break to lift their spirits when cornerback Steve Brown stripped the ball from Worley, giving the Oilers possession at the 41.

But once again, Pittsburgh's defense stood fast on third down, and Zendejas kicked a 35-yard field goal that made it 7-6.

The Steelers, with the 28th-ranked offense in the league, got a 49-yard run from Hoge on the next series. It set up Anderson's 25-yard field goal for a 10-6 lead.

In the third quarter, Bubba McDowell blocked Harry Newsome's punt from the 32, and the Oilers started at the Steelers' 16. But on third and two White was stopped for a two-yard loss and Zendejas's 26-yard field goal made it 10-9.

Once again, a kick returner got the Oilers in trouble. Kenny Johnson muffed a punt, putting the Steelers in position for Anderson's 29-yard field goal and it was 13-9. It became 16-9 on his 48-yard kick 30 seconds into the fourth quarter.

AP

Anderson celebrating after kicking the overtime field goal.

Spurrier Quits Duke to Coach U. of Florida Team

The Associated Press

GAINESVILLE, Florida — Steve Spurrier, who won the Heisman Trophy in 1966 as quarterback at the University of Florida, announced his return Sunday as head coach after a scandal-plagued decade that resulted in the ouster of his two predecessors.

"It's a job I've wanted for a long time," said Spurrier, 44. He agreed to a five-year contract worth an estimated $2 million.

Duke University, where Spurrier has coached the last three years, named his chief assistant, Barry Wilson, to replace him.

Spurrier is 55-32-1 in his previous head coaching jobs. He was 20-13-1 at Duke after a 35-19 record in three seasons with the Tampa Bay Bandits of the defunct United States Football League.

The Gators are currently under NCAA scrutiny as part of an investigation that began June 30. The former coach, Galen Hall, resigned in October after admitting he violated NCAA rules.

Hall's predecessor, Charley Pell, was fired in 1984 for violations that led to NCAA sanctions.

The university also fired basketball coach Norm Sloan in November during a grand jury investigation of allegations involving sports agents and others outside the athletic department.

Duke did not wait for Spurrier's announcement, but named Wilson to replace him on Saturday. Wilson, who has not held a head coaching position, signed a four-year contract; no terms were disclosed.

Spurrier said he wouldn't name his assistants until Wednesday, but added that "three or four Duke coaches are definitely coming in within a couple of days."

■ **Jets Meet With Perles**

The New York Jets' new general manager, Dick Steinberg, met Sunday in Los Angeles with Michigan State's coach, George Perles, in his effort to find a replacement for fired coach Joe Walton.

Two years ago, Perles turned down a five-year, $2.25 million offer to coach the Green Bay Packers, but he has said he is interested in the Jets' job. Perles was the defensive coordinator who put together the Pittsburgh Steelers' famed Steel Curtain of the 1970s.

■ **Chargers Hiring Beathard**

Bobby Beathard, 52, the former general manager of the Washington Redskins, said Sunday he had verbally agreed to become the San Diego Chargers' general manager, The Washington Post reported.

Sources close to Beathard said he will sign a contract Tuesday and officially start the job Wednesday.

■ **Esiason Declines Bowl**

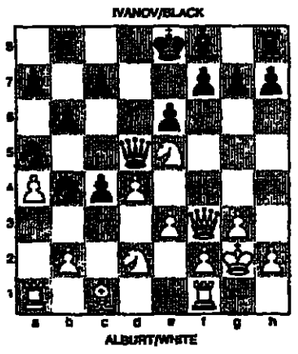
The Cincinnati Bengals' quarterback, Boomer Esiason, is passing up a chance to play in the National Football League Pro Bowl for the second consecutive year because, he said, he is recovering from injuries and because quarterbacks are sitting ducks in the game.

"That game really is a jailbreak for defensive linemen, and the quarterbacks are the sacrificial lambs," he said.

CHESS

By Robert Byrne

THERE is a long tradition in chess of seeing the attacker as noble and the defender as a grub who is just lucky when he wins. The assumption is that the attacker calls the shots and the defender responds willy-nilly. But that prejudice won't stand up to the player who deliberately baits the attacker with the objective of luring him too far and decisively beating him back. It's a dangerous business, but worthy in its own right to be termed noble. The risk is no less than in undertaking a speculative attack. One might even term it a "speculative defense." Consider the game between Lev Alburt and Igor Ivanov from the 11th round player Nov. 21, of the United States Championship. First one player, then the other could have virtually forced an early draw, but each one, with full faith in himself, bet that he would win. After a rousing struggle, the defender, Ivanov, triumphed. The main idea of the defense to the Catalan Gambit by 5...Nc6 and 6...Rb8 is to remove targets for the g2 bishop from the diagonal leading to a8 and thus to threaten to keep the gambit pawn with...b5. After 7 a4, however, it is dubious to stick to the plan with 7...a6 because of 8 a5 Bb4 (8...b5? 9 ab cb 10 Bf4 Bd6 11 Ne5! is powerful for White) 9 Qc2 Na5 10 Qa4 Nc6 11 Ne5 Nd5 12 Nc6 bc 13 Qc6 Bd7 14 Qc4, whereby White recovered his pawn with positional advantage in the game Alburt-Portisch, Malta Olympiad, 1980. Accordingly, Ivanov played 7...b6 8 e3 Bb7 9 Nbd2 Na5 10 Qc2 Nd5!, the point being that Albert could not recover the gambit pawn with 11 Nc4 without allowing a repetition of position draw following 11...Nb4 12 Qc3 Nd5 13 Qc2 and so on. An attempt to break the repetition with 12 Qe2 would be discouraged by 12...Ba6 13 Nfd2 c5 14 dc Bc5 15 Qg4 O-O, with a powerful bind for black. After 14 Qf3, Ivanov had made the theoretical point that 14...Qf3 15 Kf3 c5 equalizes for Black. But that little triumph was not enough - he now dared to play 14...f5!, which kept his material advantage though it committed him to an arduous defense. Indeed, the black king was forced in the open at once by 15 e4 Qd4 16 Qh5 g6 17 Ng6 hg 18 Qg6. Yet Ivanov soon showed his resources, pinning the f3 knight with 19...Qe4 and maintaining the pin through 20...Qd5 and 23...Qc6. As for the open d line, he could always block it with 25...Nd3. Rather than acknowledge, with 26 Rd1, that his attack was failing, Alburt sacrificed the exchange with 26 Re6 Ne1 27 Re1. After 27...Qd6 28 Re2, Ivanov used his remaining knight to obviate the danger in the d line with 28...Nb3. Finally, with 30...Rg5, he broke the last vestiges of the white bind. Ivanov's giving up of his queen with 35...fe! was the most efficient way to win. After hi 41...Ke7, there was only one check, 42 Qb7, and after 42...Kf6, there would be no defense against the threats of 43...e1/Q or 43...Rg3. Alburt gave up.



IVANOV/BLACK

ALBURT/WHITE

Position after 14 Qf3

CATALAN OPENING

White Alburt	Black Ivanov	White Alburt	Black Ivanov
1 d4	Nf6	22 Bg5	Rbe8
2 c4	e6	23 Re5	Qc6
3 g3	d5	24 Rae1	Rfd8
4 Bg2	dc	25 Qh7	Nd3
5 Nf3	Nc6	26 Re6	Ne1
6 O-O	Rb8	27 Re1	Qd8
7 a4	b6	28 Re2	Nb3
8 c3	Bb7	29 Qh7	Kf8
9 Nbd2	Na5	30 Qf7	Rg5
10 Qc2	Nd5	31 Qh5	Ng4
11 Ne5	Nb4	32 Re3	Nf6
12 Qd1	Ba6	33 Qg7	Rg6
13 Qa2	c5	34 Re4	Qc7
14 Qf3	Qd4	35 Ne4	fe
15 a5	Qa4	36 Nd6	Kf7
16 Qb5	Rb6	37 Nb5	Qc2
17 Qa4	Qa4	38 Qe5	Rg6
18 Ra4	Qb7	39 Qe7	Rg7
19 Qd1	Qb5	40 Qe5	Rg6
20 Re1	Qb6	41 Qe7	Ke7
21 Qf7	Be7	42 Resigns	

BOOKS

WOMEN OF SAND AND MYRRH

By Hanan al-Shaykh. Translated from the Arabic by Catherine Cobham. 280 pages. £14.95. Quartet Books, 27/29 Goodge Street, London W1P 1FD.

Reviewed by John K. Cooley

"GOD," says an Arabic proverb, "has omitted women from his mercy." So how do women in this powerful novel — three Arab women and one nonsectarian American — really experience constraints of a conservative Saudi or Gulf society, called the "desert" in this book?

Each of the four answers the question by telling her own story. First is Suha, the Lebanese, escaping but in the end returning to the disintegration of her own society in Beirut. Tamr is a "desert" woman and Suha's pupil. Suzanne, a dumpy Texas housewife, has found that she attracts desert men. Nur, also local but who has lived abroad too, spends money compulsively and juggles her personal and sexual relationships like gilded toys.

Hanan al-Shaykh is a journalist and novelist, born in Lebanon to Shia Muslim parents of modest station. In this intense narrative of passion, boredom, and the cruelty of God as expressed in a patriarchal society, she has accomplished her second major literary triumph, put into English with consummate skill by the Catherine Cobham. Her first was "The Story of Zahra," a tale that unfolds like a Greek tragedy about a Lebanese Shia girl of petit bourgeois upbringing, like the author.

Each of the four narratives in this new novel is told by it's protagonist. Their lives intertwine and even get tied in knots. Lesbian affairs seem as common, or more so, than male homosexuality. Suha, the liberated Lebanese, chafing at her confinement and the general dependence of women on male chauffeurs — women must not drive cars — inspires Tamr to refuse the bondage imposed by males and their laws.

Suzanne, the Texan, finds that in the desert her plumpness, but mainly her foreignness, automatically bring masculine attentions she would never get at home. Her Arab lover has sworn that "I was his woman, the Suzanne of a lifetime, that without me he was a eunuch." But in the end he cannot and will not make an honest woman of her. The fourth narrator, Nur, needs a steady stream of money and attention from men to make up for her husband's being "like the rest of the men."

Al-Shaykh is a powerful and original writer. She never gets political. Her critique of the system is innate in her merciless telling of how women are treated by a law implemented by males. She is no feminist in the conventional sense. Her artistry in this memorable book lies in the way she tells about religion, sex, marriage, housekeeping and hundreds of other human activities as they really are in the great golden cage in the desert.

John K. Cooley, an ABC News correspondent, is a writer on Middle East affairs.

PEANUTS

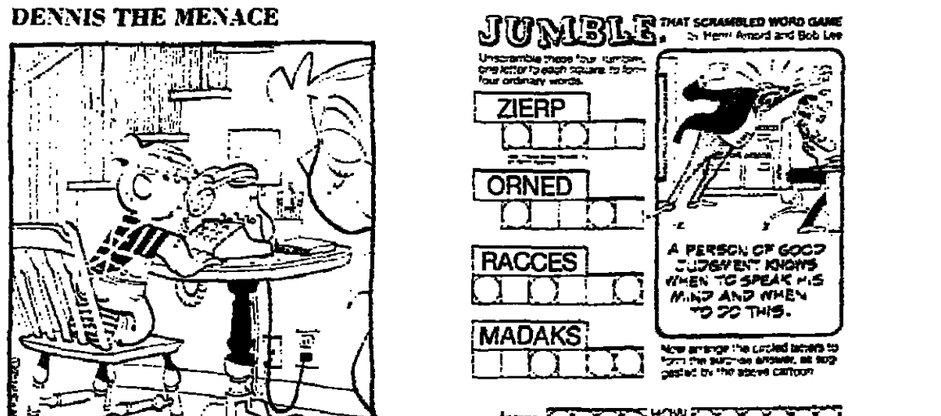
BEETLE BAILEY

ANDY CAPP

WIZARD of ID

REX MORGAN

DOONESBURY



DENNIS THE MENACE

"MR. WILSON DOESN'T HAVE ANYTHING TO DO AND I'M GONNA HELP HIM!"

JUMBLE. THAT SCRAMBLED WORD GAME

by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

ZIERP

ORNED

RACCES

MADAKS

A PERSON OF GOOD JUDGMENT KNOWS WHEN TO SPEAK HIS MIND AND WHEN TO DO THIS.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon

Answer: _____ HOW HE _____

(Answers tomorrow)

Saturday's Jumbles: NERVY DIMMED BEHARL MISHAP

Answer: When pirates "hear" — SO ARE WE TOLD

هكذا من الأهلي

SPORTS

SIDELINES

Spain Beats U.S. in Hopman Cup Final

PERTH, Australia (AP) — Arantxa Sánchez Vicario outplayed Pam Shriver, 6-3, 6-3, Monday night to give Spain a 2-1 victory over the United States in the final of the Hopman Cup team tennis tournament.

Emilio Sánchez defeated John McEnroe, 5-7, 7-5, 7-5, in an ill-tempered men's singles to give Spain a 1-0 lead, but the United States drew even when McEnroe and Shriver defeated the brother-and-sister combination, 6-3, 6-2, in the mixed doubles.

That left the women's singles to decide the final of the 12-team exhibition event. Veteran Shriver proved no match for the consistency of Sánchez, who dropped only three points on serve in the first set.

Italian Soccer Player Out of Coma

BOLOGNA (Reuters) — Lionello Manfredonia, who suffered a heart attack during Saturday's soccer match between Roma and Bologna, emerged Monday from a coma.

AFP

Roma's Lionello Manfredonia

"I had just wished him a happy new year," his wife, Carolina, said at the hospital where the midfielder was taken after collapsing five minutes into the game. "He opened his eyes, asked how he wound up here, and asked me to go find him a cigarette."

Manfredonia, a former Italian international, needed heart massage and mouth-to-mouth resuscitation when his heart stopped twice after he collapsed five minutes into Saturday's game. Doctors said Monday that he had partial amnesia but was able to answer questions and was recovering well.

In Genoa, officials of the Sampdoria team said Monday that Italy's star national striker, Gianluca Vialli, will be unable to play for two months after breaking his foot Saturday against Cremonese.

Britain Wins Sydney-to-Hobart Race

SYDNEY (Reuters) — Britain won the the Southern Cross Cup yachting series by the narrowest of margins Monday after two days of legal wrangling over final placings in the Sydney-to-Hobart race.

Race organizers said an international jury had dismissed an appeal by the New South Wales team and confirmed a six-point penalty against Great News, one of its three yachts, for accepting a tow after it ran aground near the finish.

The penalty, and the jury's decision to award Canon Express 3 hours 34 minutes for time it lost responding to a distress call from the Australian yacht Flying Colours, gave Britain victory in the six-race series by 1.5 points.

The first to finish was Alan Bond's maxi-yacht Drumbeat, but it failed to break the race record.

In the Whitbread Round-the-World Race, the Finnish boat Union Bank hit a whale Saturday during the third leg from Fremantle, Australia, to Auckland, New Zealand. The whale swam off, apparently uninjured, but Union Bank lost two places to tenth.

For the Record

Ari Vatanen of Finland beat Peugeot teammate Bjorn Waldegaard of Sweden to Tunis, Libya, on Monday for his fourth straight first-place finish in the Paris-Dakar rally. (AFP)

Romania is going ahead with preparations for next summer's World Cup soccer finals despite the bloody upheavals of the last two weeks, the Agerpres news agency reported. (Reuters)

A federal appeals court in San Francisco refused to reinstate the U.S. Professional Golf Association Tour's ban on square-grooved golf clubs from its tournaments. (AP)

Billy Martin, who was buried Friday, owed more than $85,000 in back taxes, the U.S. Internal Revenue Service alleged in a lien filed against the former major league baseball manager's estate. (UPI)

The Associated Press

Blair Thomas leaping bodies as Penn State beat Brigham Young, 50-39, in a wild Holiday Bowl.

Tennessee Tops Arkansas By 31-27 in Cotton Bowl

The Associated Press

Chuck Webb gained 250 yards and scored two touchdowns, including a 78-yard run, to ignite No. 8 Tennessee to its 600th collegiate victory, 31-27, over 10th-ranked Arkansas in the Cotton Bowl on Monday.

Tennessee, 11-1, became the 10th college to reach the 600-victory milestone. Arkansas finished the year 10-2 as it lost its second straight Cotton Bowl.

Webb's rushing total on 26 carries was second best in Cotton Bowl history, trailing only the 265 yards by Rice's Dicky Maegle against Alabama in 1954.

Arkansas, which trailed 24-6 in the third quarter, battled to the very end. Its last score came on a 67-yard pass from Quinn Grovey to tight end Billy Winston, who fumbled the ball at the three and then recovered in the end zone with 1:25 to play.

But Tennessee clinched the game when Alvin Harper recovered the Hogs' onside kick at Arkansas's 48.

Tennessee's Andy Kelly threw two touchdown passes, including an 84-yarder, and freshman Carl Pickens helped turn the game around late in the second quarter with an interception.

With Tennessee trailing 6-3, Pickens intercepted Grovey's pass in the end zone and returned the ball to the 13-yard line.

Two plays later, Kelly found Anthony Morgan alone behind the Arkansas secondary for the 84-yard touchdown pass, longest in Tennessee's 30-year bowl history and second longest in the 54 years of the Cotton Bowl.

Tennessee struck again on a 70-yard drive highlighted by Webb's runs of 15 and 36 yards before he scored from the one-yard line for a 17-6 halftime lead.

HALL OF FAME BOWL

Auburn 31, Ohio State 14: Reggie Slack shrugged off a slow start

COLLEGE FOOTBALL

to throw for three touchdowns and run for a fourth Monday, helping No. 9 Auburn overcome an 11-point deficit in Tampa, Florida.

Slack, intercepted twice in the first half, completed his last 12 passes, including an 11-yard touchdown to Greg Taylor just before halftime. He also had a four-yard flip to the speedy receiver that gave the Tigers a 17-14 lead five minutes into the third quarter.

The senior quarterback put the game away with a pair of fourth-quarter touchdowns — one on a five-yard run that capped a 16-play, 80-yard drive, the other on a two-yard pass to Herbert Casey.

Slack finished 16-for-22 for 141 yards and was voted the game's most valuable player.

The victory was the sixth straight for Auburn (10-2). No. 21 Ohio State finished 8-4.

CITRUS BOWL

Illinois 31, Virginia 21: Jeff George passed for 321 yards and three touchdowns Monday in Orlando, Florida, as 11th-ranked Illinois won its first postseason game in 26 years.

George, who completed 26 of 38 passes, hit four straight for 71 yards to open the second half and spark an 84-yard scoring drive. It was culminated by Howard Griffith's three-yard touchdown run that gave the Illini a 24-7 lead.

Illinois, runner-up in the Big Ten, finished with a 10-2 record, losing only to top-ranked Colorado and No. 3 Michigan. No. 15 Virginia, co-champion of the Atlantic Coast Conference along with Duke, lost for the first time in three postseason appearances and finished 10-3.

COPPER BOWL

Arizona 17, N.C. State 10: Scott Geyer's 85-yard interception return helped Arizona win college football's newest postseason game Sunday night in Tucson, Arizona.

Defense dominated for both teams, and N.C. State (7-5) held Arizona (8-4) to 50 rushing yards and 130 total yards, the worst in both categories for the Wildcats this season. Arizona's defense recovered two fumbles, intercepted two passes and survived three fourth-quarter drives by the Wolfpack that could have tied the score.

JOHN HANCOCK BOWL

Pittsburgh 31, Texas A&M 28: Alex Van Pelt's 44-yard touchdown pass to Henry Tuten rallied No. 23 Pitt (8-3-1) from a four-point deficit Saturday in El Paso, Texas. No. 16 Texas A&M (8-4) had scored three touchdowns to take a 28-24 lead with 2:25 remaining.

FREEDOM BOWL

Washington 34, Florida 7: Cary Conklin threw two touchdown passes in the first quarter, and Washington tailback Greg Lewis gained 97 yards on 27 carries Saturday in Anaheim, California.

PEACH BOWL

Syracuse 19, Georgia 18: Freshman John Biskup kicked a 26-yard field goal with 25 seconds left to cap a 64-yard drive by Syracuse (8-4) Saturday in Atlanta. Georgia (6-6) finished with its worst record since 1977.

GATOR BOWL

Clemson 27, West Virginia 7: No. 14 Clemson (10-2) forced Major Harris, quarterback for No. 17 West Virginia, into three fumbles and an interception in the second half Saturday in Jacksonville, Florida.

HOLIDAY BOWL

Penn State 50, Brigham Young 39: Gary Brown stole the ball from Ty Detmer, who had thrown for a Holiday Bowl record 576 yards, and ran 53 yards for a touchdown to clinch No. 18 Penn State's victory Friday night in San Diego.

The 89 total points fell two short of the Holiday Bowl record, set by Brigham Young and Southern Methodist in 1980.

Detmer completed 42 of 60 passes for the 19th-ranked Cougars (10-3). His second touchdown pass, a three-yarder to Brent Nyberg with 2:34 to go, completed a 90-yard drive and brought Brigham Young within two points, 41-39. The Cougars went for a two-point conversion, but Detmer's pass was intercepted by linebacker Andre Collins, who returned it 102 yards, with Penn State awarded the two points.

Then Brown made his interception.

Illinois Fares Better Than Coach Admits

The Associated Press

When the weekly college basketball poll of The Associated Press was released Monday, Memphis State University had dropped from 15th to 21st.

Yet listening to Lou Henson, one would have thought that was the fate merited by Illinois.

"I think we can run the offense better, get better cutting and screen-

COLLEGE BASKETBALL

ing," the coach said after the fourth-ranked Illini beat Memphis State, 83-71, Saturday to win the Old Style Classic in Rosemont, Illinois.

Then Henson turned to the Illini's lack of height — the tallest starter is Marcus Liberty, a 6-foot, 8-inch (2.05-meter) forward — and said, "We don't have much size, so we have to work hard to get those rebounds."

But, somehow, fourth-ranked Illinois has run through its 10-game, nonconference schedule undefeated. It begins Big Ten Conference play on Thursday against Wisconsin.

Liberty scored 25 points and Kendall Gill 22 as Illinois took command early. Elliot Perry had 17 for Memphis State (7-3).

No. 2 Kansas 83, Stanford 61: Jeff Gueldner and Kevin Pritchard each scored 15 points as Kansas (13-0) crushed previously unbeaten Stanford to win the BMA Holiday Classic in Kansas City, Missouri.

No. 5 Michigan 107, Eastern Michigan 83: Loy Vaught scored 20 of his 23 points in the second half in Ann Arbor, Michigan, as the Wolverines (10-1) posted the 1,000th triumph in their basketball history.

No. 6 Oklahoma 99, Tulsa 78: Oklahoma was held under 130 points for only the second time this season but Tony Martin scored 27 points as the Sooners (8-0) won the championship of the All-College Tournament in Oklahoma City.

No. 7 Missouri 119, Kearney State 88: Missouri (11-1) won its 22d straight home game and got a season-high 24 points from reserve Anthony Peeler in Columbia, Missouri.

No. 8 Louisville 86, Kentucky 79: Louisville (9-1) outscored Kentucky by 11-2 midway through the second half in Lexington, Kentucky, after Kentucky had taken a 60-59 lead.

No. 10 UNLV 101, No. 11 Arkansas 93: Anderson Hunt scored 28 points, making five three-point shots in the second half, in Las Vegas. The Rebels (7-2) began that half with a 9-2 run, erasing a 48-44 lead by Arkansas (8-2).

No. 11 LSU 100, Hardin-Simmons 66: Chris Jackson scored 27 points for Louisiana State (6-1) in Baton Rouge, Louisiana.

No. 13 Duke 87, Hawaii 75: Eight consecutive points pulled Duke away from a 51-51 tie and the Blue Devils (11-2) won the Rainbow Classic in Honolulu. Phil Henderson and Robert Brickey each got 19 points for Duke.

No. 15 UCLA 115, East Tennessee State 66: Don MacLean's 21 points led seven UCLA players in double figures in Los Angeles. The Bruins (10-1) are off to their best start in six years.

No. 19 Arizona 85, Purdue 66: Jud Buechler's 23 points led Arizona to its fifth title in five Fiesta Classics in Tucson, Arizona. The Wildcats (5-2) outscored Purdue by 23-8 to start the second half.

No. 20 Iowa 55, Monmouth (New Jersey) 46: Iowa (8-1) converted 8 of 10 free throws in the final four minutes after Monmouth closed to three 45-42.

No. 22 Alabama 64, Santa Clara 48: Melvin Cheatum had 20 points and Alabama (9-2) ran away in the second half to win the Cable Car Classic in Santa Clara, California.

No. 23 Oregon State 71, Oregon 68: Gary Payton scored 30 points, including two free throws with six seconds left as Oregon State (9-2) won the Far West Classic in Portland, Oregon.

No. 24 Minnesota 97, Youngstown State 57: Minnesota (8-1) outscored Youngstown State by 30-9 early in the game and won easily in Minneapolis.

World Cup Races Changed

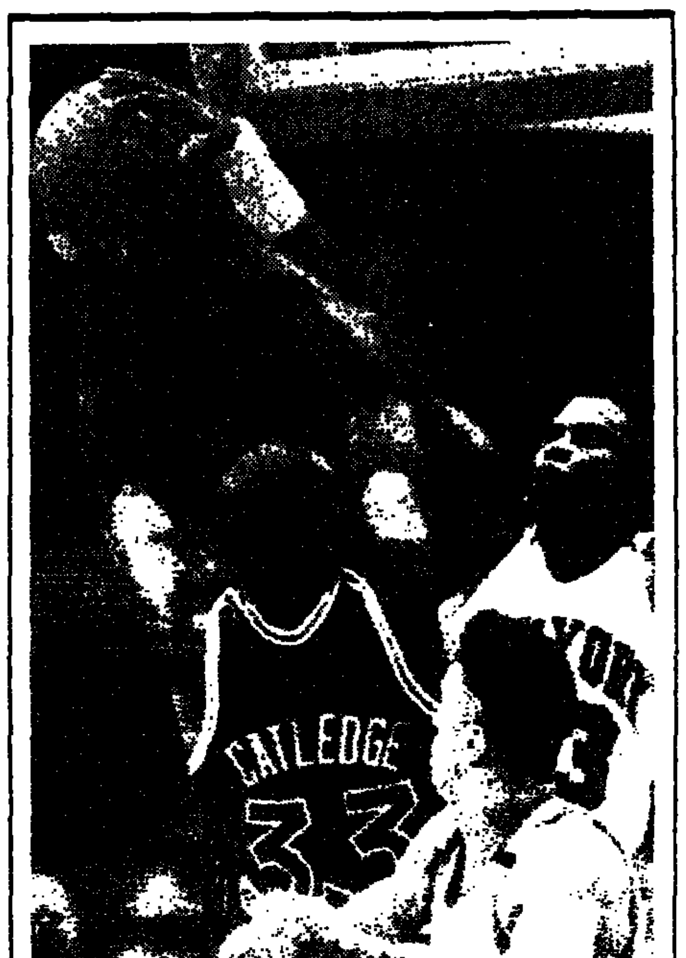
Compiled by Our Staff From Dispatches

BERN, Switzerland — A lack of snow has forced more changes in the World Cup program, it was announced Monday.

A men's giant slalom at Kranjska Gora, Yugoslavia, next weekend was canceled, with a new venue to be decided later in the week. A men's slalom, set for Madonna di Campiglio, Italy, on Dec. 17 before it was postponed, will replace the giant slalom at Kranjska Gora next Sunday, with the scheduled men's slalom to be run on Saturday.

The International Ski Federation also said that a women's giant slalom, set for Piancavallo, Italy, next Sunday but postponed for lack of snow, would now take place at the Austrian resort of Hinterstoder with a women's slalom on Jan. 8-9.

The women's slalom scheduled for Saturday at Piancavallo, the first race in Europe of the women's season, will be raced on artificial snow. But a men's downhill slated for Garmisch-Partenkirchen, Germany, Jan. 13 is in jeopardy, with ski officials to decide later this week if it will be moved. (Reuters, AP)



Mark Lennihan/The Associated Press

SLIGHT OF HAND — Patrick Ewing, who scored 28 points, said no to a shot by Terry Catledge of the Orlando Magic as the Knicks won, 113-107, in the NBA game in New York.

SCOREBOARD

SOCCER

ENGLISH FIRST DIVISION
Aston Villa 2, Arsenal 1
Crystal Palace 1, Norwich 0
Derby 4, Coventry 1
Liverpool 1, Charlton 0
Luton 0, Chelsea 3
Manchester City 2, Millwall 0
Queens Park Rangers 1, Everton 0
Southampton 2, Sheffield Wednesday 2
Tottenham 2, Nottingham Forest 3
Wimbledon 2, Manchester United 2

Monday's Results
Nottingham Forest 2, Liverpool 2
Arsenal 4, Crystal Palace 1
Charlton 2, Southampton 4
Chelsea 0, Aston Villa 3
Coventry 0, Tottenham 0
Everton 2, Luton 1
Manchester United 0, Queens Park Rangers 0
Millwall 1, Derby 1
Norwich 0, Wimbledon 1
Sheffield Wednesday 2, Manchester City 0

Standings: Liverpool 42; Aston Villa 40; Arsenal 39; Southampton 34; Tottenham 32; Norwich, Chelsea, Everton 31; Nottingham Forest 30; Derby County 29; Coventry 28; Wimbledon 27; Queen's Park Rangers, Crystal Palace 26; Manchester United, Sheffield Wednesday 24; Millwall, Manchester City 22; Luton 20; Charlton 16.

SPANISH FIRST DIVISION
Logrones 4, Atletico de Madrid 2
Celta de Vigo 0, Gijon 0
Tenerife 1, Valencia 1
Real Sociedad 2, Cadiz 0
Rayo Vallecano 1, Malaga 0
Barcelona 3, Sevilla 4
Mallorca 1, Athletic de Bilbao 0
Oviedo 0, Valladolid 0
Real Madrid 4, Osasuna 1
Castellon 2, Zaragoza 1

Standings: Real Madrid 27; Atletico de Madrid 24; Valencia 22; Barcelona 21; Oviedo, Osasuna, Real Sociedad 20; Mallorca 19; Zaragoza, Sevilla 17; Athletic de Bilbao, Logrones 16; Gijon, Castellon 15; Malaga 14; Valladolid, Cadiz 13; Tenerife 12; Celta, Rayo Vallecano 10.

ITALIAN FIRST DIVISION
Ascoli 0, Genoa 0
Atalanta of Bergamo 0, Fiorentina 0
Bari 0, Milan 1
Bologna 1, Roma 1
Internazionale of Milan 2, Udinese 0
Juventus of Turin 3, Lecce 0
Lazio of Rome 3, Napoli 0
Sampdoria of Genoa 3, Cremonese 1
Verona 0, Cesena 2

Standings: Napoli 25; Internazionale of Milan 22; Sampdoria of Genoa, Roma 22; Milan 21; Atalanta of Bergamo, Juventus of Turin 20; Bologna, Lazio of Rome 18; Bari 17; Lecce, Fiorentina, Cesena 14; Genoa 13; Udinese 12; Cremonese, Ascoli 11; Verona 9.

CRICKET

ONE-DAY INTERNATIONALS
At Perth, Australia
Saturday
Australia vs. Sri Lanka
Sri Lanka 203-6 (48 overs); Australia 204-1 (38.5 overs).

Sunday
Pakistan vs. Sri Lanka
Pakistan 220-7 (50 overs); Sri Lanka 223-7 (48.2 overs).

BASKETBALL

NBA Standings

EASTERN CONFERENCE

Atlantic Division

	W	L	Pct	GB
New York	20	7	.741	—
Boston	17	11	.607	3½
Philadelphia	15	13	.536	5½
Washington	12	16	.429	8½
New Jersey	8	20	.286	12½
Miami	7	23	.233	14½
Central Division				
Chicago	19	9	.679	—
Indiana	19	9	.679	—
Detroit	18	11	.621	1½
Atlanta	16	11	.593	2½
Milwaukee	15	13	.536	4
Cleveland	11	16	.407	7½
Orlando	9	20	.310	10½

WESTERN CONFERENCE

Midwest Division

	W	L	Pct	GB
San Antonio	19	7	.731	—
Utah	19	9	.679	1
Denver	19	10	.655	1½
Dallas	15	13	.536	5
Houston	12	18	.400	9
Charlotte	6	20	.231	13
Minnesota	6	23	.207	14½
Pacific Division				
L.A. Lakers	21	6	.778	—
Portland	19	10	.655	3
Seattle	13	13	.500	7½
Phoenix	12	13	.480	8
L.A. Clippers	10	16	.385	10½
Golden State	10	17	.370	11
Sacramento	7	20	.259	14

FRIDAY'S RESULTS

Houston 25 29 18 25—97
Indiana 28 27 17 31—103
Olajuwon 12-24 4-7 28, Woodson 6-17 1-2 14; Schrempf 10-15 4-6 24, Fleming 8-12 4-4 20, Miller 7-15 5-7 20. Rebounds: Houston 52 (Thorpe 15), Indiana 43 (Thompson, Smits, Schrempf 8). Assists: Houston 13 (Floyd 4), Indiana 26 (Fleming 14).

Phoenix 33 31 24 30—118
Minnesota 27 23 23 28—101
Chambers 9-18 6-6 24, Majerle 10-15 3-3 23; Campbell 10-17 2-3 22, Richardson 11-21 0-0 22. Rebounds: Phoenix 66 (Majerle 9), Minnesota 46 (Richardson 6). Assists: Phoenix 22 (K.Johnson 7), Minnesota 28 (Richardson 11).

Milwaukee 28 17 27 27—99
Detroit 28 23 21 13—85
Roberts 8-8 4-5 20, Pressey 7-14 4-4 18; Aguirre 5-16 7-8 19, Edwards 7-12 3-4 17. Rebounds: Milwaukee 55 (Grayer 9), Detroit 49 (Laimbeer 9). Assists: Milwaukee 24 (Pressey 7), Detroit 21 (Dumars 7).

San Antonio 23 22 25 27—97
Chicago 23 25 34 19—101
Cummings 12-25 2-2 26, Anderson 7-16 4-5 18; Jordan 10-26 13-15 34, Grant 7-9 4-4 18. Rebounds: San Antonio 53 (Robinson 13), Chicago 41 (Pippen 9). Assists: San Antonio 25 (Cheeks 7), Chicago 30 (Pippen 8).

Portland 23 21 33 32 12 8 15—144
Dallas 28 28 24 29 12 8 11—140
Drexler 12-24 7-7 32, Porter 11-24 6-6 28; Harper 15-26 8-8 42, Blackman 13-29 9-9 35. Rebounds: Portland 66 (Duckworth 13), Dallas 79 (Donaldson 27). Assists: Portland 31 (Porter 18), Dallas 24 (Blackman 8).

Boston 22 26 20 28—96
Seattle 28 25 30 13—87
McHale 11-15 0-0 22, Lewis 7-13 2-2 16; McDaniel 10-23 6-9 26, Ellis 7-15 2-2 17. Rebounds: Boston 51 (Bird, Parish, McHale 9), Seattle 38 (Cage 14). Assists: Boston 20 (Bird 7), Seattle 21 (McMillan 7).

Golden State 28 28 29 26—111
LA Lakers 34 29 32 35—130
Mullin 11-22 3-3 25, Teagle 11-17 1-1 23; Worthy 15-24 4-5 34, Woolridge 9-15 4-5 22. Rebounds: Golden State 46 (Mullin 14), Los Angeles 66 (Worthy 12). Assists: Golden State 29 (Mullin, Hardaway 7), Los Angeles 41 (Johnson 17).

Philadelphia 28 21 21 25—95
Sacramento 38 25 23 19—105
Barkley 12-22 4-5 28, Hawkins 8-15 3-3 19; Ainge 11-22 7-10 33, Del Negro 5-7 6-6 16. Rebounds: Philadelphia 57 (Barkley 13), Sacramento 47 (McCray 11). Assists: Philadelphia 17 (Dawkins 6), Sacramento 26 (K.Smith 10).

SATURDAY'S RESULTS

Orlando 32 28 27 20—107
New York 28 27 25 33—113
Smith 11-16 2-4 24, Theus 9-16 4-6 22; Ewing 12-28 4-7 28, Tucker 8-15 0-0 21. Rebounds: Orlando 57 (Catledge 13), New York 53 (E.Wilkins 8). Assists: Orlando 27 (Theus 9), New York 29 (Jackson 13).

Miami 24 27 16 31—98
Utah 27 22 26 42—117
Rice 8-14 3-4 19, Seikaly 6-18 5-12 17; Malone 12-17 9-14 33, Griffith 6-10 2-2 16. Rebounds: Miami 52 (Seikaly 16), Utah 52 (Malone 15). Assists: Miami 26 (Douglas 7), Utah 33 (Stockton 17).

Chicago 32 36 22 15 12—117
Washington 38 25 22 20 7—112
Pippen 10-17 7-8 28, Jordan 13-26 2-2 28; Malone 12-31 5-5 29, B.King 10-21 4-4 24. Rebounds: Chicago 62 (Pippen 12), Washington 55 (Walker 12). Assists: Chicago 24 (Jordan 10), Washington 29 (Walker 13).

Houston 25 26 24 17—92
Charlotte 24 27 29 31—111
Thorpe 10-15 4-9 24, Olajuwon 10-21 1-1 21; Gilliam 10-15 4-4 24, Tripucka 8-11 7-7 18. Rebounds: Houston 45 (Olajuwon 15), Charlotte 38 (Gilliam 15). Assists: Houston 25 (Floyd 8), Charlotte 26 (Bogues 12).

Phoenix 25 35 22 20—102
Cleveland 30 24 29 27—110
Chambers 8-17 11-11 27, E.Johnson 7-17 3-4 18; Nance 7-15 11-12 25, Price 8-17 6-7 24. Rebounds: Phoenix 49 (Chambers 10), Cleveland 60 (Nance 11). Assists: Phoenix 20 (K.Johnson 12), Cleveland 23 (Price 7).

New Jersey 30 18 25 33—106
Detroit 28 29 28 35—117
Hinson 8-13 5-8 21, Blaylock 6-13 7-8 19; Edwards 4-11 6-6 18, Dumars 8-13 2-2 18. Rebounds: New Jersey 46 (Hinson 7), Detroit 55 (Laimbeer 13). Assists: New Jersey 16 (Conner 5), Detroit 26 (Thomas 10).

Atlanta 18 29 28 23—98
Indiana 32 21 26 26—105
Wilkins 11-18 6-8 31, Malone 8-11 1-2 17; Miller 7-13 13-13 28, Smits 8-13 6-7 22. Rebounds: Atlanta 33 (Wilkins, Levingston 5), Indiana 40 (Thompson 9). Assists: Atlanta 20 (Webb 6), Indiana 25 (Fleming 12).

Denver 27 22 33 23 4—109
Dallas 29 22 26 27 11—116
Lever 12-25 2-3 26, English 11-26 0-1 22; Blackman 11-24 4-4 29, Donaldson 10-15 0-3 20. Rebounds: Denver 56 (English 9), Dallas 70 (Donaldson 16). Assists: Denver 29 (Adams 10), Dallas 26 (B.Davis, Perkins 5).

Minnesota 28 28 28 22—99
Milwaukee 35 25 23 26—109
Mitchell 12-19 4-5 25, Campbell 8-20 7-9 23; Sikma 8-17 5-5 23, Robertson 7-11 5-6 19. Rebounds: Minnesota 47 (Murphy 12), Milwaukee 52 (Sikma 8). Assists: Minnesota 23 (Richardson 7), Milwaukee 24 (Humphries 9).

Philadelphia 25 22 29 24—100
LA Clippers 23 22 24 26—95
Barkley 10-15 8-10 28, Hawkins 7-16 4-4 18; Harper 10-20 7-9 29, Grant 9-21 4-5 22. Rebounds: Philadelphia 51 (Barkley, Gminski 15), Los Angeles 41 (Benjamin 12). Assists: Philadelphia 26 (Dawkins 10), Los Angeles 22 (Grant 13).

Selected College Scores

FRIDAY'S RESULTS
St. John's 83, Davidson 65
Fordham 93, Tennessee 85
South Alabama 78, Marshall 75
Washington 72, Ohio U. 69
Idaho 70, Kent St. 65

TOURNAMENTS
All-College Tournament
Oklahoma 147, North Texas 94
BMA Holiday Classic
Stanford 70, Mo.-Kansas City 50
Blue Angels Classic
Bucknell 89, Navy 84
Coca-Cola Classic
Tn.-Chattanooga 76, St. Bonaventure 62
Connecticut Mutual Classic
Connecticut 83, St. Joseph's 58
Mississippi St. 66, Delaware 65
Cowboy Shootout
Fullerton St. 77, Middle Tenn. 69
Cutlass Classic
Michigan St. 88, San Jose St. 61
Princeton 59, Ark.-Little Rock 56
ECAC Holiday Festival
Florida St. 95, Rhode Island 76
Far West Classic
Boston U. 64, Pepperdine 61
N.C. Charlotte 85, Northeastern 76
Lamar Invitational
Murray St. 107, Texas-San Antonio 101, OT
MVP Holiday Classic
N.C.-Wilmington 85, Duquesne 67
Texas-Arlington 61, Toledo 57
Mile High Classic
Massachusetts 78, Colorado 71
Mount Holiday Tournament
Mount St. Mary's, Md. 86, VMI 77
Delaware St. 81, Brown 76
Music City Invitational
Northwestern 103, William & Mary 78
Naismith Classic
Rockford 97, Springfield 85
Siena 79, American U. 71
Old Style Classic
Illinois 97, Grambling St. 73
Palm Beach Classic
West Virginia 92, Lehigh 81
Boston College 69, Miami, Fla. 60
Rainbow Classic
Creighton 77, Drake 71
Virginia Tech 78, San Francisco 77
Sun Carnival Classic
Texas-El Paso 74, Austin Peay 64
Tribune Classic
Wisconsin 63, Manhattan 48
UAB Classic
Ala.-Birmingham 76, New Hampshire 47
Alabama St. 81, Rice 78
USAir Classic
Georgia Southern 85, Howard U. 65
Wright St. 91, Vermont 82

SATURDAY'S RESULTS
EAST
Lafayette 75, Army 65
Robert Morris 73, Maine 37
SOUTH
DePaul 91, Fla. International 67
Furman 85, S. Carolina St. 79
Louisville 86, Kentucky 79
Maryland 110, Alcorn St. 91
Ohio U. 79, Fordham 73
MIDWEST
Michigan 107, E. Michigan 53
Missouri 119, Kearney St. 88
Notre Dame 97, Butler 65
SOUTHWEST
Mississippi 96, Sam Houston St. 70
Texas Tech 79, NW Louisiana 57
FAR WEST
Nev.-Las Vegas 101, Arkansas 93
Southern Cal 99, N. Arizona 72
Utah St. 64, Weber St. 62
TOURNAMENTS
Coca-Cola Classic
St. Bonaventure 79, Air Force 63
Cutlass Classic
Ark.-Little Rock 90, San Jose St. 80
Far West Classic
Pepperdine 105, Northeastern 79
Naismith Classic
American U. 97, Springfield 73
Old Style Classic
Ball St. 79, Grambling St. 56
Rainbow Classic
Drake 73, San Francisco 59
SUNDAY'S RESULT
Marquette 75, Morgan State 51

College Rankings

The Associated Press rankings (first-place votes from a panel of sportswriters and broadcasters; records through Dec. 31; total points based on 25-24-23, etc.; previous rankings):

	Record	Pts	Pvs
1. Syracuse (32)	9-0	1,548	1
2. Kansas (23)	13-0	1,521	2
3. Georgetown (7)	9-0	1,450	3
4. Illinois (2)	10-0	1,417	4
5. Michigan	10-1	1,305	5
6. Oklahoma	8-0	1,237	6
7. Missouri	11-1	1,179	7
8. Louisville	9-1	1,077	8
9. Indiana	10-0	1,068	10
10. UNLV	7-2	1,036	12
11. LSU	6-1	994	9
12. Georgia Tech	8-0	914	14
13. Duke	8-2	873	13
14. Arkansas	8-2	787	11
15. UCLA	8-1	621	16
16. St. John's	11-2	549	17
17. La Salle	7-0	509	20
18. N. Carolina St.	9-2	428	19
19. Arizona	5-2	411	21
20. Iowa	8-1	399	18
21. Memphis St.	7-3	325	15
22. Alabama	9-2	244	22
23. Oregon St.	9-2	238	23
24. Minnesota	8-1	215	25
25. Loyola Marymount	7-2	108	—

TRANSACTIONS

BASEBALL
American League
MINNESOTA—Signed Rich Yett, pitcher, to one-year contract.

BASKETBALL
National Basketball Association
DENVER—Signed Mike Higgins, forward, to 10-day contract.

FOOTBALL
National Football League
HOUSTON—Deactivated Richard Johnson, cornerback. Activated Anthony Spears, defensive end, from injured reserve.
L.A. RAMS—Activated James Washington, safety, from injured reserve. Put Clifford Hicks, cornerback, on injured reserve.
PHILADELPHIA—Released Carlos Carson, wide receiver. Activated Greg Garrity, wide receiver, from injured reserve.

HOCKEY
National Hockey League
CALGARY—Recalled Steve Guenette, goaltender, from Salt Lake City, International Hockey League.
LOS ANGELES—Recalled Bob Halkidis, defenseman, and Scott Bjugstad, left wing, from New Haven, American Hockey League.

HOCKEY

NHL Standings

WALES CONFERENCE

Patrick Division

	W	L	T	Pts	GF	GA
Philadelphia	18	17	5	41	144	127
Washington	18	16	4	40	129	124
New Jersey	18	18	4	40	156	156
NY Rangers	15	18	7	37	128	131
Pittsburgh	16	19	3	35	157	166
NY Islanders	15	21	4	34	135	153
Adams Division						
Buffalo	23	11	6	52	140	121
Boston	21	15	3	45	140	121
Montreal	20	17	5	45	132	121
Hartford	19	18	2	40	133	134
Quebec	7	25	6	20	119	179

CAMPBELL CONFERENCE

Norris Division

	W	L	T	Pts	GF	GA
Chicago	22	15	3	47	160	147
Toronto	19	21	1	39	174	185
Minnesota	18	20	3	39	131	142
St. Louis	16	17	6	38	135	128
Detroit	12	21	6	30	126	153
Smythe Division						
Edmonton	21	12	7	49	158	128
Calgary	17	13	10	44	161	134
Los Angeles	19	15	4	42	173	154
Winnipeg	17	15	5	39	120	129
Vancouver	12	19	8	32	121	139

FRIDAY'S RESULTS

Boston 2 0 1 1—4
Buffalo 3 0 0 0—3
Gould (2), Cimetta (8), Carter (7), Janney (9); Andreychuk (20), Foligno (14), Arniel (10). Shots on goal: Boston (on Malarchuk) 13-6-7-2—28; Buffalo (on Lemelin) 9-9-9-2—29.

N.Y. Rangers 0 0 2—2
New Jersey 0 1 2—3
Sandstrom (16), Horava (6); Muller (17), Turgeon 2 (22). Shots on goal: New York (on Burke) 5-8-17—30; New Jersey (on Froese) 9-13-11—33.

Detroit 0 0 1—1
Washington 1 1 0—2
Chabot (7); Joyce (4), Hunter (12). Shots on goal: Detroit (on Beaupre) 13-6-6—25; Washington (on St. Laurent) 17-6-13—36.

Montreal 0 0 2—2
Edmonton 3 2 0—5
Richer 2 (21); Kurri (19), Anderson (17), Simpson (13), Messier 2 (22), Lamb (8). Shots on goal: Montreal (on Ranford) 11-11-12—34; Edmonton (on Hayward, Roy) 13-9-11—33.

Winnipeg 0 1 0 1—2
Calgary 0 1 0 0—1
Kumpel (2), Steen (13); MacInnis (11). Shots on goal: Winnipeg (on Wamsley) 7-9-5-1—22; Calgary (on Essensa) 18-15-15-2—50.

SATURDAY'S RESULTS

N.Y. Islanders 1 1 1—3
Quebec 0 2 4—6
LaFontaine (30), King (3), Maloney (7); McKegney (5), Petit (5), Sakic 2 (20), Stastny 2 (16). Shots on goal: New York (on Millen) 10-12-13—35; Quebec (on Healy) 5-11-16—32.

Montreal 2 0 1—3
Calgary 1 2 2—5
Lebeau (10), Naslund (14), Corson (16); Mullen (13), Otto (9), MacInnis 2 (13), Makarov (10). Shots on goal: Montreal (on Wamsley) 17-8-11—36; Calgary (on Hayward) 7-21-12—40.

Boston 3 3 0 0—6
Toronto 1 1 4 1—7
Neely (24), Hawgood (6), Burridge (12), Neely (25), B.Sweeney (13), Linseman (5); Osborne (13), Damphousse (14), Leeman (24), Richardson (2), Olczyk 2 (18), Clark (16). Shots on goal: Boston (on Bester) 18-13-2-2—35; Toronto (on Moog) 9-8-10-2—29.

Hartford 2 1 0—3
Chicago 3 1 3—7
Krygier 2 (7), Burt (3); B.Murray (5), Larmer (14), Savard 3 (16), Secord 2 (6). Shots on goal: Hartford (on Chevrier) 11-8-10—29; Chicago (on Sidorkiewicz, Whitmore) 17-16-8—41.

Minnesota 0 1 1—2
St. Louis 2 1 0—3
Brooke (4), Gavin (6), Momesso (15); Lowry (7), Hull (32). Shots on goal: Minnesota (on Riendeau) 9-15-14—38; St. Louis (on Mylnikov) 15-12-5—32.

Philadelphia 2 3 1—6
Los Angeles 1 2 0—3
Smith (2), Bullard (18), Horacek 3 (5); Tocchet (19); Kasper (13), Krushelnyski (6), Robitaille (31). Shots on goal: Philadelphia (on Hrudey, Gosselin) 9-11-6—26; Los Angeles (on Wregget) 6-17-10—33.

SUNDAY'S RESULTS

Pittsburgh 1 2 2—5
N.Y. Rangers 2 2 0—4
Caufield (1), Coffey 2 (14), Lemieux (25), Recchi (11), Leetch (7); Bloomberg (1), Wilson (3), Mullen (10). Shots on goal: Pittsburgh (on Froese) 9-7-5—21; New York (on Young) 11-12-10—33.

Edmonton 0 1 1—2
Winnipeg 1 1 1—3
Messier (23), Tikkanen (15); Hawerchuk (9), Elliott (10), Small (14). Shots on goal: Edmonton (on Essensa) 7-8-12—27; Winnipeg (on Ranford) 18-6-7—31.

New Jersey 1 2 1—4
Detroit 0 1 5—6
Sundstrom (13), Broten 2 (9), Muller (18); Burr (11), Chaisson (8), Zombo (2), Habscheid (7), Norwood (3), Gallant (17). Shots on goal: New Jersey (on Hanlon) 12-8-3—23; Detroit (on Terreri) 6-17-20—43.

N.Y. Islanders 1 2 1—4
Buffalo 1 1 0—2
Gronstrand (1), LaFontaine 3 (33); Vaive (18), Arniel (11). Shots on goal: New York (on Puppa) 5-15-10—30; Buffalo (on Fitzpatrick) 16-12-12—40.

St. Louis 0 0 1 0—1
Minnesota 0 1 0 1—2
Hull (33); Chambers (4), Gagner (17). Shots on goal: St Louis (on Casey) 7-8-8-0—23; Minnesota (on Riendeau) 9-10-6-2—27.

Philadelphia 1 1 0 0—2
Vancouver 1 1 0 0—2
Acton (4), Sutliman (3); Bradley (12), Sutter (6). Shots on goal: Philadelphia (on McLean) 10-8-12-0—30; Vancouver (on Peeters) 11-6-5-3—25.

TENNIS

HOPMAN CUP TEAM TOURNAMENT
SATURDAY, in Perth, Australia
Quarterfinals
United States 3, Italy 0: Pam Shriver, U.S., def. Laura Golarsa, Italy, 6-2, 6-4; Shriver and John McEnroe def. Golarsa and Paolo Cane 6-1, 6-4; McEnroe def. Cane 6-4, 4-6, 6-4.

Semi-finals
Spain 2, Czechoslovakia 1: Emilio Sanchez, Spain, def. Petr Korda, Czechoslovakia, 7-6 (7-3), 6-4; Korda and Helena Sukova def. Sanchez and Arantxa Sanchez 6-1, 6-2; Arantxa Sanchez def. Sukova 3-6, 7-6 (7-3), 7-6 (8-6).

SUNDAY
Semifinals
United States 3, Australia 0: McEnroe def. Mark Woodforde, Australia, 6-3, 6-3; McEnroe and Shriver def. Woodforde and Hana Mandlikova 6-3, 7-6 (7-5); Shriver def. Mandlikova, w/o.

FOOTBALL

PLAYOFF SUMMARIES

L.A. Rams 14 0 0 7—21
Philadelphia 0 0 0 7—7

First Quarter
LA—Ellard 39 pass from Everett (Lansford kick), 2:25
LA—Johnson 4 pass from Everett (Lansford kick), 7:20
Fourth Quarter
Phi—Toney 1 run (Ruzek kick), 4:02
LA—Bell 7 run (Lansford kick), 12:46

Team Statistics

	LA	Phi
First downs	19	14
Rushes-yards	36-144	20-95
Passing	265	211
Return Yards	15	54
Comp-att-int	18-33-2	24-40-1
Sacked-yards lost	2-16	2-27
Punts	7-37	9-36
Fumbles-lost	1-1	6-2
Penalties-yards	1-5	4-35
Time of possession	33:38	26:22

Individual Statistics
Rushing: Rams, Bell 27-124, Everett 7-2, McGee 2-18. Eagles, Sherman 9-44, Cunningham 6-39, Toney 5-12.
Passing: Rams, Everett 18-33-2-281. Eagles, Cunningham 24-40-1-238.
Receiving: Rams, Ellard 4-87, Holohan 4-37, Delpino 3-31, McGee 3-2, Anderson 2-77, Bell 1-23, D.Johnson 1-4. Eagles, Byars 9-68, Toney 4-35, Jackson 3-47, R.Johnson 2-38, Sherman 2-18, Carter 2-16, Garrity 2-16.
Missed field goals: Rams, Lansford 47. Eagles, Ruzek 48.

Pittsburgh 7 3 3 10 3—26
Houston 0 6 3 14 0—23

First Quarter
Pit—Worley 9 run (Anderson kick), 12:07.
Second Quarter
Hou—FG Zendejas 26, 5:53.
Hou—FG Zendejas 35, 8:50.
Pit—FG Anderson 25, 13:03.
Third Quarter
Hou—FG Zendejas 26, 3:20.
Pit—FG Anderson 30, 11:55.
Fourth Quarter
Pit—FG Anderson 48, :30.
Hou—Givins 18 pass from Moon (Zendejas kick), 5:46.
Hou—Givins 9 pass from Moon (Zendejas kick), 8:58.
Pit—Hoge 2 run (Anderson kick), 14:14.
Overtime
Pit—FG Anderson 50, 3:26.

Team Statistics

	Pit	Hou
First downs	17	22
Rushes-yards	30-177	25-65
Passing	112	315
Return Yards	20	0
Comp-att-int	15-33-0	29-48-0
Sacked-yards lost	1-15	0-0
Punts	6-25	4-33
Fumbles-lost	1-1	3-2
Penalties-yards	5-40	8-45
Time of possession	27:42	35:44

Individual Statistics
Rushing: Steelers, Hoge 17-100, Worley 11-54, Stone 1-22, Brister 1-1. Oilers, Pinkett 8-26, White 7-13, Moon 3-12, Rozier 5-12, Highsmith 2-2.
Passing: Steelers, Brister 15-33-0-177. Oilers, Moon 29-48-0-315.
Receiving: Steelers, Worley 4-25, Mularkey 3-40, Hoge 3-26, Lipps 3-24, Stock 1-7, Hill 1-7. Oilers, Givins 11-136, Hill 6-98, Pinkett 3-24, Highsmith 3-21, Jefferies 3-16, Duncan 2-15, Rozier 1-5.
Missed field goals: Oilers, Zendejas 55.

ART BUCHWALD

Capitalism Made Easy

WASHINGTON — An East German refugee named Fritz stopped by the office the other day. He was in a good mood and said, "It's only a matter of time before we drop Marxist economics and replace it with some form of capitalism. I plan to return home soon, and I was wondering if you could advise me on what kind of Western business venture to go into."

I thought about it for a moment and suggested, "Why don't you open a savings and loan institution? People in this country have made a lot of money from them."

Buchwald

"What is a savings and loan?"

"It's a marble building that looks like the Acropolis where people deposit their money for safekeeping. The S&L takes it from them and lends it to somebody else for a fee."

□

Fritz seemed pleased. "It sounds so easy."

"It is unless the people who borrowed the money can't pay it back."

"Does that ever happen?"

"Would you believe $160 billion? Sometimes the owners of S&Ls mistakenly make loans to bad businessmen, shady developers and their relatives. When there is no money left, the government declares the bank insolvent."

"Does that mean they go to prison?"

"No, it doesn't. Most of our leading S&L officers have been declared insolvent, but they still play golf every day and are entitled to valet parking at the Senate office buildings."

"What does a person do if he is accused of taking money from the savings and loan that isn't his?"

"He goes to as many senators and congressmen as he thinks he needs and says, 'I will contribute to your campaign if you get the government off my back. If you can't do it, then I'll take the Fifth Amendment.'"

"How much should you give to a senator?"

"It's up to the individual. Some constituents are more generous than others. That's what makes politics so interesting. We had an S&L fellow in Arizona who told his story to five U.S. senators for a million and a half dollars."

□

"I didn't know it was that easy to make money in America," Fritz said.

"The real dough to be made in S&Ls is to take over a bank that has already gone broke, and let the government put up the money so that you can get it back on its feet."

"I'm not sure if the Iron Curtain is ready for that. How do I get started?"

"My advice is to open the First Beethoven S&L in East Germany and lend money to people who want to build condominiums on top of the Berlin Wall."

Fritz was excited. "I'll do it. When do I take the Fifth Amendment?"

"You can only take the Fifth Amendment after you make enough bad loans."

"Wait a minute. We don't have a Fifth Amendment in East Germany."

I told him, "You have to have one if you are going to do business with the West. I am sure that the United States will give you one under the Lincoln Savings Favored Nation Treaty."

8 Matisse Works Are Stolen in Nice

United Press International

NICE — Five oil paintings, two drawings and a linocut by Henri Matisse were stolen from the artist's former apartment by thieves who crept along a drainpipe and broke through a window, police said. The works were valued at 75 million francs ($13 million).

The apartment has been vacant for most of the past 20 years. The artist's daughter-in-law, Maria Matisse, discovered the theft.

The works were cut from their frames. They included three of the artist's best known oil paintings, "Devilacqua," "View of the Port of Collioure" and "Woman in Brittany." The paintings were part of the estate Matisse left when he died. Executors were to decide what to do with them following the death of Matisse's son in August.

Goodbye to 'Sclerotic' Soviet Culture

By Anna Kisselgoff
New York Times Service

MOSCOW — Vowing to rid his country of "boorishness and a lack of culture," Nikolai N. Gubenko, one of the Soviet Union's most popular actors and film directors, and the Gorbachev government's newly appointed Minister of Culture, said the task of his ministry "should be the same as the artist's — to be truthful." His favorite and oft-repeated quotation is from Chekhov, on the need to be governed in "freedom from force and lies." There is general rejoicing in the Moscow arts world.

Moreover the new minister announced at his first official news conference that he has every intention of continuing as a working actor at Moscow's well-known experimental Taganka Theater.

Confirmed by the Supreme Soviet in his new post on Nov. 21, he returned to the theater that evening to play the title role in "Boris Godunov." "Being a minister is not a profession," he told a room packed with reporters. "I plan to be acting in the theater every Sunday."

The 48-year-old, guitar-playing Gubenko has started out by declaring his allegiance to fellow artists and to the layer of society in the Soviet Union that is still called the intelligentsia. Gubenko, who succeeds Vasily G. Zakharov, a Communist Party official, is said in Moscow arts circles to have been strongly supported for the cultural post by Raisa Gorbachev.

Pledging that the government will not impose limits or guidelines upon the arts as in the past, Gubenko said: "There is no time for theory now. We have to start work and not just talk."

Gubenko is the first arts professional since Anatoly V. Lunacharsky in the 1920s to hold the top government cultural post in the Soviet Union. Lunacharsky, whose initiatives included the establishment of Isadora Duncan's school in Moscow, was a playwright, critic, essayist and a widely admired man of culture. As the first Commissar of Enlightenment after the Bolshevik Revolution of 1917, he was credited with preserving much of Russia's cultural heritage.

Gubenko, who seems to identify with Lunacharsky, noted that "the important thing is that a professional is now in charge of the mechanism of administering culture."

Yet he said it was important to make a distinction between art and culture. "To regulate the artist is impossible," he declared. "An artist acts through what is special to himself, his emotions. The regulation of art can only be done by forbidding, and that is absurd." But culture, he suggested, is a matter of public policy. "Our task is the gathering of information, to plan, to reach solutions," he said, adding that segments of the Soviet population were "still on the edge of illiteracy" and that such problems could be treated only by obtaining "objective information about culture in our country."

Calling for new legislation on culture, he said his priorities were increased instruction in the humanities in Soviet schools and the modernization of libraries, especially the Lenin Library in Moscow. Libraries transmit history and tradition and are "our memory," he said. "We have a sclerotic culture."

"Our generation is lost to culture," he added, alluding to repression and censorship. "Too many people were annihilated. Our hope lies with the future generation."

Citing Western models, Gubenko said he would like a library accessible to all "like the Library of Congress, where you can get information in 20 seconds on everyone from Montaigne to Pasternak."

Gubenko, according to those who know him, rose from poverty in Odessa in the Ukraine. He has treated some of his youthful experiences in films like "Orphans," for which he wrote the script and served as director. Concerned with the pain of separation and loss and with a young boy's discovery of and love for literature, "Orphans" won the bronze Hugo prize at the 1977 Chicago International Film Festival.

"He's a terrific guy, very intelligent," Michael Kutza, the festival's founder and artistic director, adding that Gubenko served as president of the festival's feature-film jury in 1986. "Despite all the egos on that international jury, he knew how to hold it together," Kutza said. Gubenko, he said, jogs around the city daily during his visits.

Gubenko acted in "Angel," a Soviet film that was shown at the New York Film Festival this fall. Until he was nominated for the ministerial post, he had intended to return to Chicago in October with "Restricted Zone," a film he directed and in which his wife, Zhanna Bolotova, stars.

Gubenko made his mark initially as a stage actor, graduating from the government film institute with an acting diploma in 1964. He returned there six years later to study directing. He is also a close associate of Yuri Lyubimov, the Taganka Theater's founder, whose productions, perceived as allegories critical of the Soviet government, were frequently closed down in the 1970s. Lyubimov was stripped of his Soviet citizenship while on a trip abroad in 1984.

Gubenko, who has been serving as the Taganka's de facto artistic director for the last three years, campaigned successfully for Lyubimov's return to the theater in 1988. Since becoming a minister, he has supported calls in the Soviet press for the return of cultural émigrés like Alexander Solzhenitsyn and Mstislav Rostropovich.

Gubenko seems eager to close a painful chapter in which such cultural personalities were stripped of their citizenship ("There aren't enough teachers to teach in the conservatories"). But he appeared surprised when asked in a conversation after the news conference whether Socialist Realism in the arts, promulgated as government policy after 1928, would now be declared officially dead.

Switching to English ("I need practice"), he said: "I don't know what this means. Socialist Realism. I know that each of us artists has his own realism. It is the critics and philosophers who organize their thinking about each artist into categories."

The Associated Press
Nikolai N. Gubenko, the Soviet Union's new minister of culture.

Nonetheless, Gubenko conceded that vestiges of Socialist Realism — a dictum that art must be ruled by ideology and an uplifting view of society — still exist, and that writing on the arts in the Soviet Union still makes calls for "contemporary themes" in terms that would not be found in the West.

One of the major issues facing Gubenko stems from calls — made before his appointment by the Supreme Soviet — for the elimination of the Ministry of Culture and the transfer of its functions to the various Soviet republics. But even many deputies who supported this view voted for Gubenko — a proponent of decentralization directed by Moscow — when he came out for increased cultural autonomy.

He also said many of the ministry's functions in artistic matters, including repertory and support for unemployed actors and directors, should be transferred from the state to theatrical and artists' unions.

Gubenko's appointment has been hailed in cultural circles, although a drama critic wondered in private if, like Shakespeare's Hotspur become Henry V, the new minister may have to discard old friends.

Asked about providing for unemployed actors, Gubenko replied, "Every actor wants to play Hamlet, whether he ought to or not." In the West, the state is relieved of subsidizing mediocre actors and "they drive taxis," he said.

A Soviet reporter pointed out that there were 600 unemployed Soviet directors with a degree in directing. "The problem is that they have a diploma," Gubenko said, questioning whether certificates should be equated with talent.

At his press conference Gubenko fielded a question that would hardly be put to an official in the West, although it reflects shifting concerns in current Soviet society. The question was not asked directly, but submitted anonymously in writing: "Does God exist?" Gubenko said, reading the query. "Yes, undoubtedly God exists," he replied. "And He is in each of us in a different way."

PEOPLE

National Endowment Honors 3 Jazz Greats

George Russell, Cecil Taylor and Gerald Wilson were awarded $20,000 American jazz masters fellowships by the National Endowment for the Arts for "exceptional artistic merit in the field of jazz," joining 25 other musicians such as Dizzie Gillespie, Count Basie and Ella Fitzgerald, who have been elected to the endowment's equivalent of a "Jazz Hall of Fame" since the awards began in 1982. "Each of these colossal talents has helped write the story of jazz," John E. Frohnmayer, endowment chairman, said. "Their legacy of compositions, recordings, theories, teachings and performances has moved a nation's soul, not to mention our feet." Russell, 66, is a composer, arranger, theorist, drummer, pianist and bandleader who has been on the faculty of the New England Conservatory since 1969 and a leader of the Living Time Orchestra. Taylor, 60, is a pianist and composer who was cited for his pioneering influences on modern jazz, including a piano playing style and music that "emphasizes texture rather than musical line." Wilson, 71, is a composer, arranger, bandleader and trumpeter who once worked as a sideman and arranger for Basie and Ellington and has led several successful big bands.

□

Monkey Business, the yacht in which Gary Hart's presidential aspirations sank in 1988, is for sale. Its captain says notoriety from Hart's trip to Bimini with Donna Rice hurt business. The charter boat, docked in Miami, can be had for $1.5 million. In an article in the Denver Post, Butch Vogelsang, the yacht's captain, is quoted as saying he remembers the trip to Bimini on which Hart and Rice were passengers. "I'll tell you what Nothing," he said. "Ha anything with the girls. knows what goes on on th . . . If anything, Hart acted naïve. He just kind of stood around. He wasn't a boatsman."

□

Letter turner Vanna White was among the guests as the talk and game show host Pat Sajak wed a former Playboy model, Lesly Brown, in Annapolis, Maryland. Sajak, 42, met Brown, 24, at the opening of a restaurant in Irvine, California, in 1988. The couple sold exclusive rights to the ceremony to People magazine.

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The Revol

Communists S But the Tide I

By Dan Morga
Washington Post Servic

WASHINGTON — After a ye
Est European shake-ups and m
last, scores of lifelong Commun
important government positions f
D'Sofia.
Career party members hold th

NEWS ANALYSI

Romania's new provisional go
Czechoslovak Communist refor
Dubcek was elected to head the
ter, his country's third-highest
Solidarity-led government in Pol
ganist president.
Western analysts describe many
ing Communists as able men wh
ge in a temporary power vacuum.
analysts believe that even the mo
ganism-minded of this group coul
gside by a political tide that wi
Europe largely a non-Communist
Thus, last week's election of
slav Havel as the first non-C
ident of Czechoslovakia in more th
may be remembered not just as
ment of a remarkable political
beginning of a new era.
"What you have is transitiona
Gati, professor of political scienc
ge in Schenectady, New York. "
ges through a first phase. The m
he making of a new Eastern Eu
keep anti-Communist current. h
Communists will be swept out of
Such a development could have
the Soviet Union and the r
world, some observers sugge
As long as Communist re
many's Hans Modrow, Bulga
and Romania's Ion Iliescu re
those countries. President Mik
the Soviet Union can make t
Europe is following his road.

Man Relea

Compiled by Our Staff From Dispatches

PANAMA CITY — Vatican
nounts on Tuesday handed a
ver to U.S. troops outside the
sion where General Manuel
mo Noriega sought sanctuary
r being deposed more than a
k ago.
The man did not appear to be
General Noriega, according to re
sters and photographers with
elephoto lenses on the roof of a
by hotel.
But it was the first known case in
hich Vatican officials appear to
ve handed over someone from
side the diplomatic compound to
U.S. troops.
The soldiers marched the man
ross a nearby field to a helicop-
r, which then flew away.
The move came as negotiations
er General Noriega's fate ap-
ared to be heating up.
oth the Vatican and the Bush

Kiosk

2 Nuns Slain In Nicaragua

MANAGUA (AP) — Two
uns were killed and a bishop
and a third nun were wounded
Tuesday in an ambush in a
remote region of eastern Nica-
ragua, the authorities said.
The bishop and one of the
dead nuns were American citi-
zens.
The Nicaraguan govern-
ment blamed the attack on
contra rebels, but the church
said it had no information
about the attackers. Maureen
Courtney, 40, of Milwaukee,
and Teresa Rosales of Nicara-
gua were killed in the attack,
according to church officials.
Bishop Paul Schmitz, 46, of
Fond du Lac, Wisconsin, suf-
fered a gunshot wound.
Also wounded was a nun
identified only as Francisca, a
church official said. He added
that the ambush occurred at 9
A.M. near Puerto Cabezas,
375 kilometers (200 miles)
northeast of Managua.

Business / Finance

West German bond prices fell to a 5½-year low. Page 9.

Argentina announced new measures to prop up its sagging economy. Page 9.

Stage / Entertainment

A new system for TV audience ratings has the French railing about an Orwellian *grand frère*. Page 7.

Sports

Miami won the U.S. collegiate football title, with Notre Dame second. Page 15.

Crossword Page 7.

The Dollar in New York

	Dbl
Pound	1.713
Yen	1.6085
FF	146.55
	5.8825

Dow Close
Up 56.95
2,810.15

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